SUSTAINABLE DEVELOPMENT REPORT 2024

POWERING TRANSFORMATION *WITH* PURPOSE

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SOCAR

SOLIDARITY FOR A GREEN WORLD

This year marked a significant milestone for Azerbaijan as the country hosted COP29, the 29th annual Conference of the Parties under the UNFCCC framework.

As the supreme decision-making body on climate action, COP has historically been instrumental in shaping global sustainability policies, including the Paris Agreement. The event in Baku brought together nearly 200 nations, with a total of 65,000 registered attendees, making it the second-largest COP in history. Critical advancements were made in climate finance to help countries protect their people and economies from climate disasters while benefiting from clean energy expansion, carbon credit mechanisms, and transparency regulations, reinforcing the global commitment to combat climate change:

- Climate finance to developing countries will triple from USD 100 billion annually to USD 300 billion annually by 2035.
- Public and private sector finance contributions will scale up to USD 1.3 trillion per year by 2035.
- A breakthrough agreement on carbon markets was reached after several years of negotiations.
- Transparent climate reporting and adaptation frameworks were strengthened.

Azerbaijan leveraged this historic opportunity to accelerate its green transition, strengthen international collaboration, and enhance its climate resilience. SOCAR played a pivotal role in these efforts, demonstrating its commitment to sustainability through strategic partnerships, innovation, and responsible leadership. By actively engaging with global stakeholders, SOCAR reaffirmed its position as a key enabler of sustainable energy solutions in the region, working alongside cross-continent industry peers and regulatory bodies to drive meaningful change.

Throughout the conference, SOCAR shaped the global agenda through a series of expert-led events. These sessions covered critical topics such as methane reduction, decarbonizing the oil and gas sector, and the role of infrastructure in supporting energy transition goals. SOCAR's contributions underscored fostering collaborative efforts to meet climate targets and its dedication to driving sector-wide transformation despite the complexity of the energy transition that has been shaped by a pandemic, war, recession and rising costs during the last five years.

By leveraging its expertise and commitment to sustainable development, SOCAR emerged as a key advocate for responsible energy transition at COP29. With over 20 agreements signed with international partners, the company reinforced its role as a catalyst for change, ensuring that sustainability remains at the core of its long-term strategy. As global energy challenges intensify, SOCAR remains steadfast in its mission to innovate, collaborate, and lead the transition toward a more sustainable future.

Sustainability Alignment with Global Mandate

In 2024, SOCAR achieved a key milestone in its sustainability journey by receiving first official ESG Rating. Over 3,000 data points were collected across subsidiaries, with a dedicated taskforce mobilized to deliver a factual “as is” representation of SOCAR’s operations. This proactive approach reflects the company’s strategic alignment with global investor expectations and growing demand for ESG transparency.

SOCAR’s engagement with MSCI in its inaugural ESG assessment positioned the company as a regional leader in sustainability benchmarking. Scoring a “BBB” rating in its first year, SOCAR became the first company in the Caspian region to reach this level, securing a stable mid-tier ranking among international peers in the oil and gas sector.

This evaluation underscores SOCAR’s operational resilience and long-term risk awareness in managing ESG factors. These results build a strong foundation for enhanced investor confidence and pave the way for deeper integration of ESG principles into the company’s long-term strategic framework.

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Dear stakeholders,

It is my privilege to welcome you to the 14th edition of SOCAR's Annual Sustainability Report. This report is far more than a regulatory compliance—it is a reflection of our corporate values and progress. It reaffirms our ongoing commitment to transparency, responsibility and long-term value-creation through sustainable development.

The past year marked a significant milestone in our journey. In 2024, Azerbaijan had the distinct honor of hosting COP29, the second-largest UN Climate Conference in history. This landmark event delivered critical progress for global climate finance, with an annual USD 300 billion commitment to developing countries. As the national energy company of the host nation, SOCAR stood not only as the enabler, but as an engaged contributor to global climate solutions-prepared to lead, collaborate and act.

The global energy landscape in 2024 remained complex. Geopolitical tensions, market volatility, and supply-demand imbalances tested resilience of energy systems worldwide. Despite these conditions, SOCAR delivered strong results. We also reaffirmed our role as a reliable international partner, reinforcing Europe's energy security.

In 2024, we accelerated the integration of climate-related resolutions into our corporate strategy and governance. New internal structures were established—including Energy transition and decarbonization segment, green business directive, and dedicated ESG unit—all designed to ensure coherence, accountability, and forward-thinking decision making. Our investment portfolio is incorporating low-carbon solutions. Three large-scale solar and wind projects—set to deliver 2.3 TWh annually—are underway. Additionally, we have signed cooperation agreements aimed at scaling up our renewable energy projects.

These are early steps—but they are already yielding results. Last year, SOCAR became the first company in the Caspian region to receive a "BBB" ESG rating from MSCI, a milestone that underscores both our direction and determination.

We recognize that the path to decarbonization is neither linear nor easy. We believe that through innovation, scientific advancement, cross-border collaboration, and strategic national capabilities, we can overcome the technological, financial, and operational challenges—and deliver a just and inclusive energy transition.

This report reflects not only our performance, but our challenges, and ambitions. We present it in full transparency and with confidence that we are building a stronger, more sustainable SOCAR that delivers long-term value as a diversified energy company for shareholders, partners, and future generations alike.

Rovshan Najaf
President of SOCAR

ABOUT THE REPORT

SOCAR is committed to transparent, accurate, and stakeholder-focused sustainability reporting in line with international frameworks and evolving stakeholders' expectations. The State Oil Company of the Republic of Azerbaijan (hereinafter "SOCAR" or the "Company") presents its 14th Sustainable Development Report (hereinafter the "Report"), which reflects our ongoing efforts and progress in integrating sustainability into all aspects of our operations. The primary objective of this Report is to provide stakeholders with comprehensive and transparent information on SOCAR's performance and achievements in the pursuit of sustainable development. It serves as the Company's main disclosure document for reporting on its economic, environmental, and social impacts, as well as its corporate governance and social responsibility initiatives. In the Report, unless otherwise stated, "SOCAR" and "SOCAR (Azerbaijan)" refer to the Company's operations in Azerbaijan, covering entities directly included in the structure of the Head Office. Also, unless otherwise stated, the terms "SOCAR Group" or "SOCAR Global" refer to the Company's international and domestic operations included within the reporting scope. This encompasses all entities—both in Azerbaijan and abroad—that are operationally controlled, or otherwise consolidated under the reporting boundary defined for this disclosure.

The 2024 Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, including the sector-specific standard GRI 11: Oil and Gas Sector 2021, which addresses the unique challenges and responsibilities of the oil and gas industry. Complying with this standard allows SOCAR to provide more targeted and meaningful disclosures aligned with sector expectations and risks. In addition to the GRI framework, the Report also incorporates guidance from the UN Global Compact Principles, the UN Sustainable Development Goals (SDGs) 2030, and the Sustainability Accounting Standards Board (SASB) Standards for the Oil and Gas Industry. The combination of these frameworks ensures that the Report is consistent, comparable, and relevant for a wide range of stakeholders, including international investors, regulators, partners, and civil society.

The Sustainable Development Report is approved annually by the Company's Executive Board. To ensure the reliability and accuracy of disclosed information, relevant data is reviewed and validated by responsible business units prior to final approval. In addition, an independent assurance statement was obtained upon completion of assurance procedures by EY. This external assurance confirms that the Report complies with international reporting standards, that material issues for stakeholders are appropriately addressed, and that the information presented is accurate and trustworthy (See p.131).

Given the extensive and diversified portfolio of SOCAR's operations, the Company ensured that a consistent reporting approach was applied across all disclosed subjects. In cases where the scope of material topics differs from the overall boundaries of the Report, or where material changes have occurred compared to previous years, clear explanations and relevant notes have been provided within the respective sections. These disclosures are made to enhance transparency and allow stakeholders to understand the context and continuity of the Company's sustainability performance over time.

This Report contains performance indicators covering the economic, social, and environmental aspects of SOCAR's operations in the Republic of Azerbaijan, as well as those of its international subsidiaries, including SOCAR Energy Türkiye[1] (hereinafter "SOCAR Türkiye"), SOCAR Energy Georgia, SOCAR Energy Ukraine, and SOCAR Energy Switzerland. In line with the Company's commitment to transparency and expanding its reporting coverage, the scope of this year's Report has been extended to include SOCAR Austria[2] for the first time, aiming to provide a more comprehensive and representative overview of its global sustainability performance. All data presented for international operations is collected and validated in coordination with relevant subsidiaries to ensure consistency and accuracy across the Report.

It is worth emphasizing that some discrepancies may be observed between sustainable development indicators presented for SOCAR Türkiye in this Report and those disclosed by SOCAR Türkiye itself. These differences are primarily due to variations in accountability boundaries, particularly the number of companies and operational units covered under each reporting framework. To maintain transparency, SOCAR applies a consolidated approach in line with internal reporting boundaries, while recognizing that standalone disclosures by subsidiaries may reflect different scopes of responsibility. Stakeholders are encouraged to refer to relevant clarifications provided in the respective sections of the Report.

To enhance readability and ensure consistency across the report, numerical data has generally been rounded to one decimal place. In cases where values below the first decimal point account for more than 5% of the whole number, two decimal places may be used for greater precision.

Last but not the least, to provide a summary info and enable fast reading in a single glance, materials may be given in a repeating manner through the report. Every page should be treated as a stand alone item.

[1] Disclosures for SOCAR Türkiye's performance indicators cover key business units under operational control - Petkim, STAR Refinery, Terminal, Bursagaz and Kayserigaz.

[2] Disclosures for SOCAR Austria covers 2023-2024, as the company has recently been included in the reporting scope.

THE HISTORY IN BRIEF

1846

The world's first industrial oil well was drilled in the Bibiheybat settlement of Baku, where oil was extracted from a depth of 21 meters — 13 years before the first well was drilled in the United States

1875

The Nobel brothers - Robert, Ludvig, Alfred - started working in the oil business in Azerbaijan

1941-1945

In the first year of the war, Azerbaijan supplied 23.5 million tons of oil for military purposes. In general, during the Second World War (1941-1945), 75 million tons of Baku oil was used on the battle front and 90% of military jet fuel was produced by the Baku refineries

1949

The Oil Rocks, an offshore oil field was launched in the open sea for the first time in the world

1992

The President of Azerbaijan issued a decree to establish the State Oil Company of the Republic of Azerbaijan (SOCAR) on the basis of Azerineft State Concern and Azernefkimya PU

1994

Under the leadership of Heydar Aliyev, the Agreement on Joint Development and Production Sharing for the Azeri, Chirag fields and the Deep Water Portion of the Gunashli field in the Azerbaijani sector of the Caspian Sea was signed

1998

The 1998 Ankara Declaration provided political momentum for the BTC pipeline

2008

SOCAR entered the market of Türkiye with the acquisition of 51% shares of Petkim Petrochemical Complex

2010

The "Umid" gas-condensate field was discovered

2020

The first time in history, Azerbaijani gas was transported directly to the European market

On the 19th of March, SOCAR and Equinor confirmed the discovery of the Garabagh oil field, which is the first oil field discovered during the period of independence of Azerbaijan

SOCAR AT A GLANCE IN 2024

SOCAR delivered another successful year in 2024. Despite geopolitical and macroeconomic instability in the region, overall SOCAR products remained high in value and drove a strong financial performance with increased profitability alongside continued sustainability progress.

MISSION

Our mission is to contribute to sustainable development and energy security locally, regionally and internationally by enhancing our rich experience in oil and gas operations with modern technology and know-how.

VISION

We aim to become a leading energy company by developing our operations through energy transition, innovation and digitization.

NET PROFIT
Million AZN

2,927

GAS EXPORT
Million m³

2,797.4

EMISSION ($MtCO_2$-eq)
Scope 1 & 2 across AZE, TR & GE

17.9

TOTAL EMPLOYEES
for Group + all JVs and affiliates

71,891

DECARBONIZATION MEMORANDUM
Count

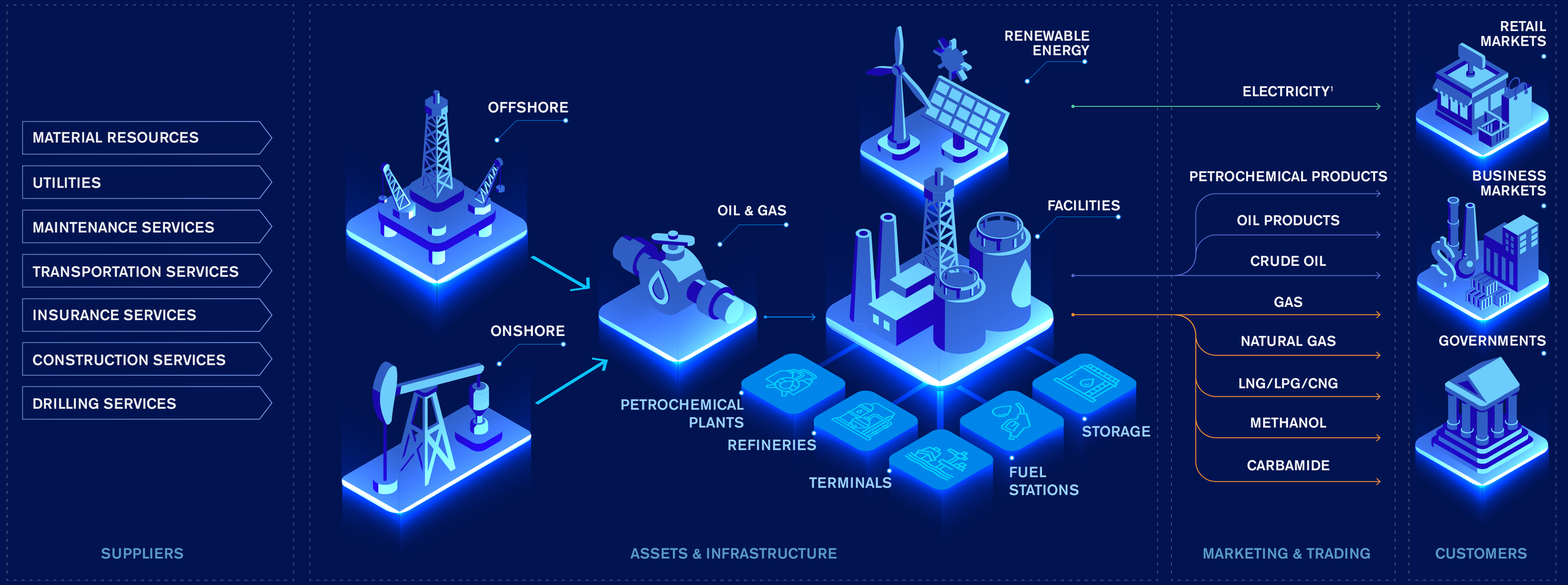
20+

SOCIAL EXPENDITURES
Million AZN

351

VALUE CHAIN

SOCAR is an energy company active across the full value chain, from exploration and extraction of oil and gas to transportation, processing, and sales. By distributing oil, gas, and related products to local and international markets, SOCAR strengthens its global presence and competitiveness. Strategic investments in transportation infrastructure ensure reliable delivery and responsiveness to customer needs, while advanced processing capabilities add value and meet international quality standards. To support long-term sustainability, the company is also expanding into renewable energy sources through projects in solar, wind, and low-carbon technologies. These initiatives diversify the energy portfolio, reduce the company's carbon footprint, and align with global climate goals. Together, these efforts demonstrate a commitment to sustainable growth, decarbonization goals and responsible resource management.



[1] The sale of electricity refers to electrical power supplied for electric vehicle charging at fuel stations. This electricity is not exclusively sourced from renewable energy.

GLOBAL OPERATIONS

SOCAR is a national oil and gas company with active operations in 15 countries and 5 trading offices (Geneva, London, Dubai, Houston, Singapore). The HQ in Baku/Azerbaijan acting as the center for group scale decision & strategic oversight, subsequently every subsidiary or country office operates on its own.

Predominantly present in Europe & Middle East, SOCAR has expanded its global outreach significantly since 2020. Keeping up with the pace, SOCAR continues to grow & expand its product outreach across the globe.

UPSTREAM

Figure 1. SOCAR's share in Production Sharing and Risk Service Agreements on onshore fields, %

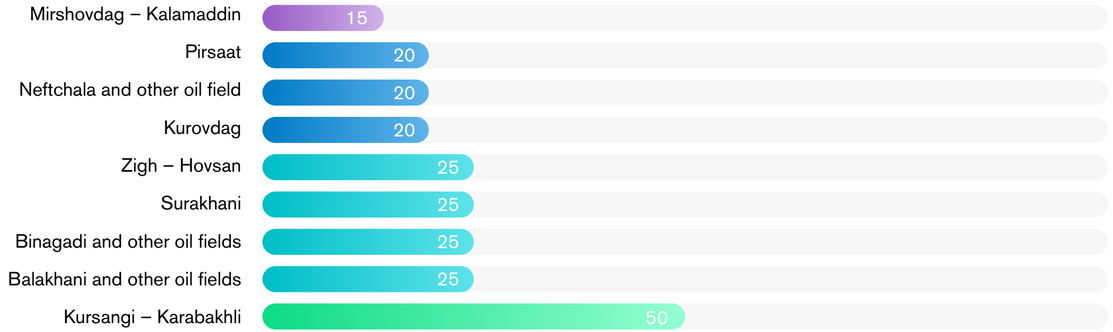


Figure 2. SOCAR's share in Production Sharing and Risk Service Agreements in fields located in the Azerbaijani sector of the Caspian Sea, %

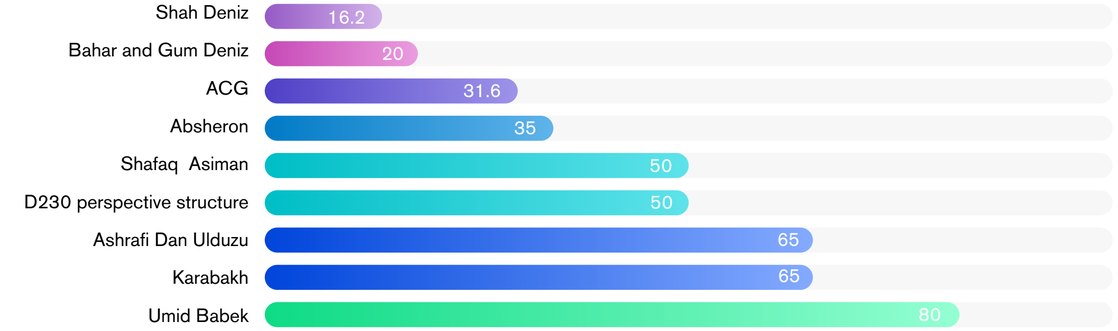
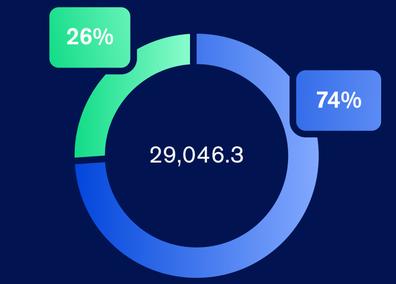
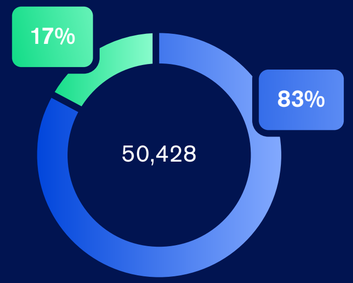


Figure 3. Oil production in Azerbaijan in 2024, thousand tonnes



Other	21,560.7
SOCAR	7,485.6

Figure 4. Gas production in Azerbaijan in 2024, million m³



Other	42,710
SOCAR	7,718.1

Figure 5. SOCAR's proven oil and gas resources in Azerbaijan in 2024[1]

Oil Reserves (10^3mt) — *Proven in total

85,920

Condensate Reserves (10^3mt) — *Proven in total

13,667

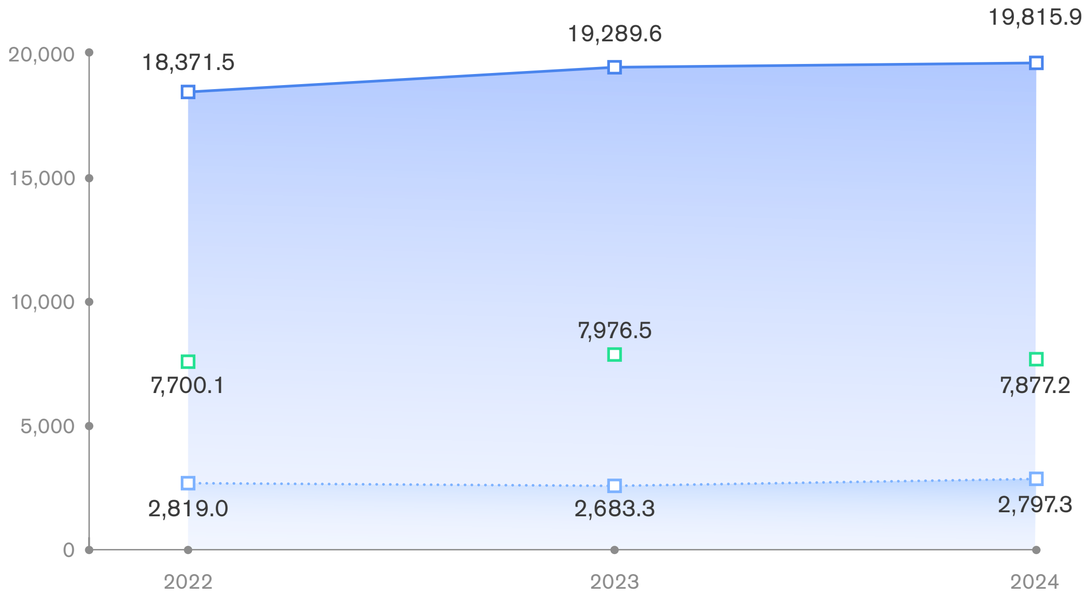
Gas Reserves (10^6m^3) — *Proven in total

123,955

[1] SOCAR's proven oil and gas resources in 2024 are based on the research and assessment report by DeGolyer & MacNaughton.

MIDSTREAM

Figure 6. Volume of delivered oil and gas by SOCAR (Azerbaijan), 2022–2024



DOWNSTREAM

Figure 7. Oil and Gas processing by SOCAR (Azerbaijan), 2022–2024

Table 1. Total production by SOCAR Group processing facilities in 2022-2024, thousand tonnes

	Plant	2022	2023	2024
Azerbaijan	HAOR	5 851	6 165	5 343
	"Azerkimya" PU[1]	553	582	448
	Methanol	535	494	516
	Carbamid	537	453	652
Türkiye	STAR	11 900	12 500	9 900
	PETKIM	2200	2 300	2 050

[1] The change in figures is due to a shift in the type of data provided — from refinery product input to production figures.

MATERIALITY ASSESSMENT

The primary objective of the materiality analysis is to identify sustainability topics that are most relevant and impactful to SOCAR and its stakeholders. This analytic process ensures our sustainability strategy aligns effectively with stakeholder expectations and addresses significant ESG risks and opportunities. The company's material Environmental, Social, and Governance (ESG) topics have been identified and mapped to specific report sections following the materiality assessment. Active engagement with internal stakeholders through structured workshops and surveys provided a comprehensive internal perspective, supplemented by peer benchmarking against industry-leading companies to validate the relevancy of selected ESG topics. Additionally, an extensive analysis of global sustainability trends informed the prioritization of these issues, aligning them with emerging investor expectations and global standards. Renowned institutions specializing in ESG frameworks, such as GRI, SASB, and CDP, were thoroughly reviewed to ensure methodological robustness and credibility. Furthermore, in-depth interviews with senior managers responsible for various business functions provided practical insights and internal validation, resulting in a clear materiality matrix that highlights critical ESG topics, facilitating transparent communication and seamless integration into subsequent sections of the report.

In parallel with these efforts, the company is actively monitoring and analyzing the provisions of the Corporate Sustainability Reporting Directive (CSRD), closely tracking regulatory developments and best practices. We remain attentive to ongoing policy discussions and practical guidance from European institutions to ensure compliance and anticipate potential impacts on our reporting processes. In alignment with these efforts, we are preparing to conduct a comprehensive double materiality assessment in the near future, enabling a thorough evaluation of both our impact on society and the environment, and external risks and opportunities affecting our business. This assessment will incorporate extensive stakeholder consultations and integrate emerging ESG criteria, ensuring robustness and accuracy. Such a rigorous approach demonstrates our commitment to proactively aligning with evolving expectations, enhancing transparency, and continuously improving the overall quality of our sustainability practices. The double materiality assessment will also serve as a tool for addressing current factors influencing the company's performance, while systematically considering the impacts as outlined below.

SOCAR has identified three top material issues essential for long-term enterprise value creation: GHG emissions, community partnerships, and business ethics. Managing GHG emissions is critical to mitigate climate-related risks and align with global low-carbon transition pathways. Accurate emissions data allows us to assess exposure, optimize our risk portfolio, and strengthen business resilience. We continue to evolve our methodology, integrating advanced digital tools to improve data quality and transparency. With better measurement, we unlock targeted opportunities for emissions abatement across operations.

Community partnerships play a central role in building a stable and inclusive operating environment. We believe businesses thrive when the broader society prospers. In response to local needs, we supported public budgets with an additional 31% contribution. We also increased the share of local suppliers from 52% to 82%, promoting economic inclusion and regional value creation. In 2024, our social expenditure rose by 51 million AZN, reflecting our commitment to long-term societal impact.

Ethical conduct remains a core principle guiding all operations and stakeholder engagement. We recorded zero cases of bribery or corruption, demonstrating the effectiveness of our governance systems. All employees undergo regular ethics training, and we maintain robust mechanisms to detect and prevent misconduct at every level.

Highest impact · High impact

ENVIRONMENT
Living within our planetary boundaries

GHG emissions
Reducing & offsetting GHG emissions contributing to climate change

Water stewardship
Sensible water use, water quality, and watershed management

Land and ocean use
Ensuring long-term sustainable land and ocean use, incl. land/ocean change (e.g., deforestation), sound utilization practices

Hazardous substances
Sensitively using and treating toxic products and waste, incl. chemical and technology pollutants

Air quality
Lowering pollutants impacting air quality and atmospheric integrity

Material use, waste & circularity
Responsible sourcing and use of resources, incl. product, packaging, and food lifecycles (reduce, reuse, recycle)

Biodiversity & ecological welfare
Protecting and enhancing natural ecosystems and living organisms; upholding animal welfare

SOCIAL
Committing to equitable outcomes

Human rights
Upholding the corporate responsibility to respect universal rights (e.g., life, liberty, freedom of expression, no forced/child labor)

Labor practices
Decent and safe work, incl. equitable pay/benefits, upskilling & development, and hiring practices

Diversity, equity & inclusion
Practices and culture promoting diversity, equity, accessibility, and inclusion, inside company and beyond

Customer health and wellness
Products, services, and technologies that enhance customer well-being

Customer safety and engagement
Safe and accessible offerings incl. safe formulations, clear labeling, and non-abusive practices in marketing, access, and pricing

Community partnership
Aware and/or engaged members of the communities and broader society

Digital rights and responsibilities
Secure and ethical technology systems, infrastructure, and data practices; duty of care to customer privacy; responsiveness to law enforcement

GOVERNANCE
Demonstrating responsible conduct

Governance foundation
Norms and practices related to good governance, e.g., ownership & control, board diversity, pay, accountability

Third-party relationships
Clear practices embedded in sourcing activities and partnership decisions

Transparency & risk management
Accurate accounting; appropriate risk disclosure and management; ESG transparency

Business ethics
Sound decision-making, ethical conduct; no anti-competitive practices, bribery, or corruption

Tax practices
Fair tax payment and practice

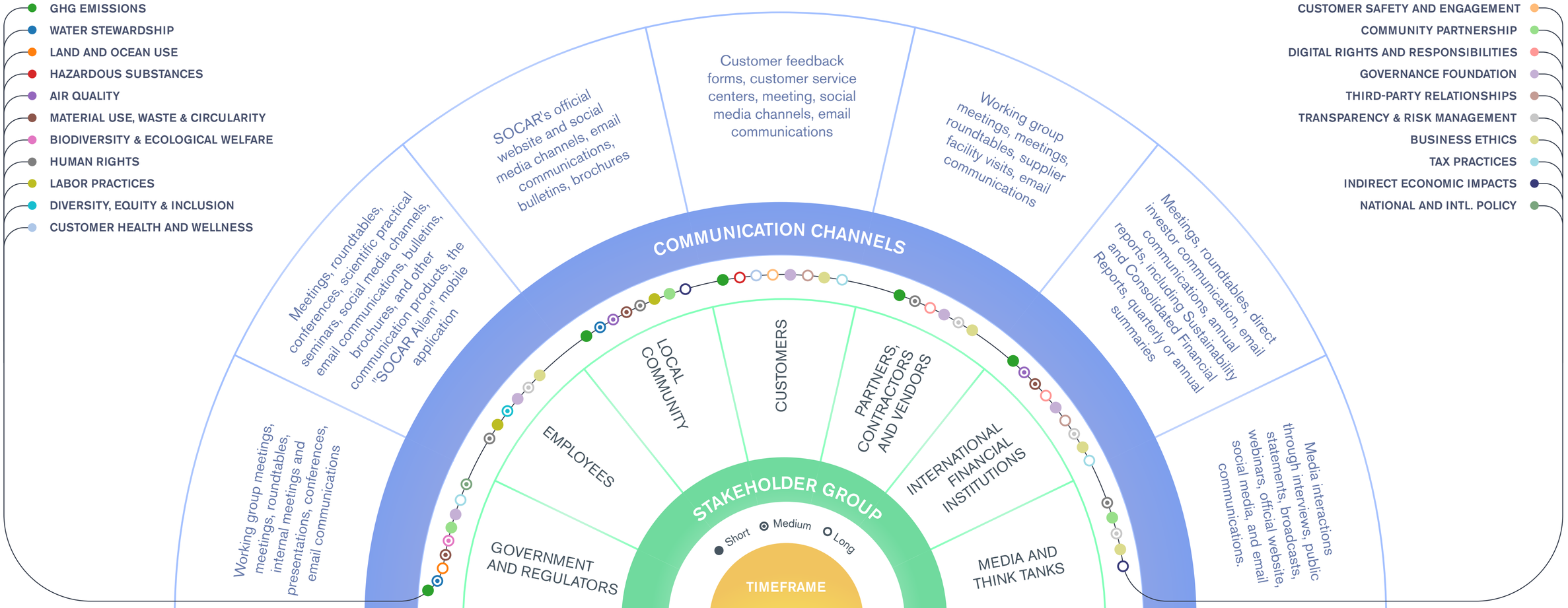
Indirect economic impacts
Sensitivity to indirect impacts on external populations of firm's economic activity

National and intl. policy
Appropriately navigating complex domestic and international issues, incl. policy and lobbying stances

STAKEHOLDER ENGAGEMENT

SOCAR engages a broad spectrum of critical stakeholders to incorporate diverse perspectives into its strategy, sustainability plans, and long-term objectives. Key stakeholder groups include employees, customers, suppliers, government bodies, local communities, and financial institutions.

Each group is classified based on its level of influence and the significance of its relationship with the company's operations. Engagement methods include surveys, meetings, interviews, and participation in multi-stakeholder platforms, ensuring continuous dialogue and feedback. In line with the company's Code of Ethics, all stakeholder interactions are guided by principles of fairness, legality, transparency, and respect for human rights. SOCAR also promotes values of inclusion, gender equality, environmental protection, and responsible community engagement.



SOCAR'S BUSINESS AND INDUSTRIAL ACTIVITY

SOCAR, the State Oil Company of the Azerbaijan Republic, is a 100% state-owned enterprise with fully integrated operations spanning upstream, midstream, and downstream segments. Its core activities include exploration, production, processing, transportation, and marketing of oil, gas, and petrochemical products. Through this structure, SOCAR contributes directly to Azerbaijan's energy security and exports, while also meeting the growing demand for energy in regional and European markets.

SOCAR operates across six strategic sectors—crude oil, natural gas, petrochemicals, refining, logistics, and power generation—forming a diverse industrial portfolio. In 2024, the company accounted for approximately 26% of Azerbaijan's crude oil and 17% of its natural gas production. These figures reflect SOCAR's pivotal role in sustaining national energy production and ensuring long-term energy supply resilience for domestic and export markets.

The company's vertically integrated operations extend beyond Azerbaijan, with significant assets and activities in Türkiye, Georgia, Romania, Switzerland, Austria, and Ukraine. This regional presence allows SOCAR to optimize its supply chain, maintain strategic access to key European energy corridors, and strengthen partnerships across the broader Caspian and Black Sea regions.

As the representative of the state in energy industry, SOCAR holds exclusive rights over Azerbaijan's oil and gas resources and represents the state in all Production Sharing Agreements (PSAs). The company markets a substantial portion of PSA output and is fully or partially involved in major oil and gas pipeline infrastructure. This includes holding majority voting rights in the Trans-Anatolian Natural Gas Pipeline (TANAP), which connects Caspian gas fields to European consumers. The multinational footprint ensures operational flexibility and greater influence in energy trading.

SOCAR is Azerbaijan's top tax contributor, with approximately 71,891 employees across its national and international operations. Its socio-economic impact is deeply rooted in job creation, skill development and industrial investment. Additionally, SOCAR plays a central role in the country's refining and fuel distribution sectors, maintaining control over domestic retail markets and export logistics through terminals.

SOCAR Türkiye

SOCAR Türkiye operates across refining, petrochemicals, natural gas, and infrastructure, with over $18 billion invested to date. As Türkiye's largest foreign direct investor, the company continues to strengthen its integrated value chain from source to end user through Petkim, STAR Refinery, TANAP, and other strategic assets.

SOCAR Georgia

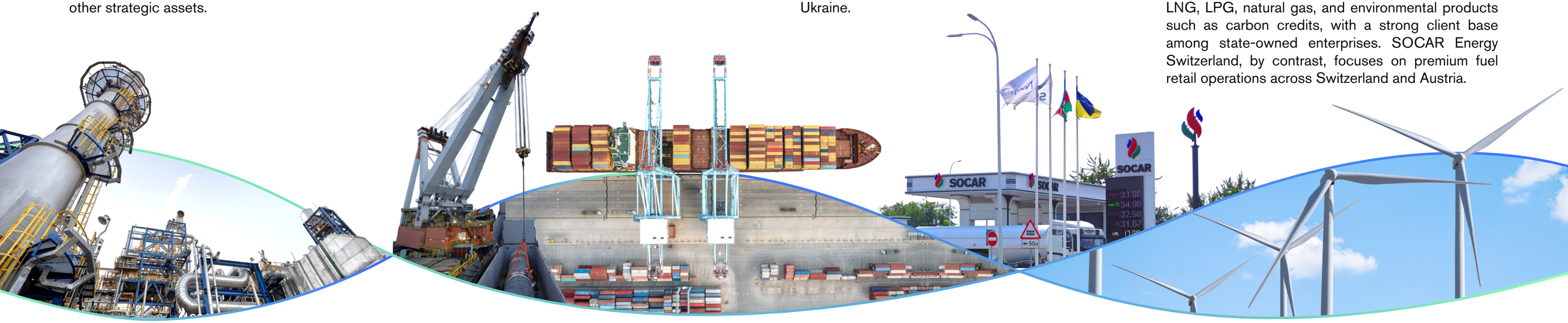
SOCAR Energy Georgia, established in 2006 as SOCAR's first foreign subsidiary, oversees the import, wholesale, and retail of oil and gas products and natural gas distribution. With a workforce of over 5,000, it plays a key role in expanding regional energy access and market presence.

SOCAR Ukraine

SOCAR Energy Ukraine, active since 2008, operates in wholesale and retail of petroleum products, natural gas, and aviation fuel, with over 50 premium fuel stations nationwide. Amid ongoing conflict, SOCAR remains committed to uninterrupted service and inclusive community support across Ukraine.

SOCAR Switzerland

SOCAR Trading, a distinct subsidiary from SOCAR Energy Switzerland, was established in 2007 as SOCAR's global commodity trading arm. Headquartered in Geneva, it operates globally with offices in Europe, Asia, the Middle East, and America. Its diversified portfolio includes crude oil, LNG, LPG, natural gas, and environmental products such as carbon credits, with a strong client base among state-owned enterprises. SOCAR Energy Switzerland, by contrast, focuses on premium fuel retail operations across Switzerland and Austria.



Baku-Tbilisi-Ceyhan Pipeline

The BTC pipeline currently carries mainly ACG crude oil and "Shah Deniz" condensate from Azerbaijan. In addition, other volumes of crude oil and condensate of the Caspian basin continue to be transported via BTC (Kazakhstan and Turkmenistan). In 2024, BTC exported 224.1 million barrels of crude oil and condensate.

South Caucasus Pipeline

South Caucasus Pipeline (SCP) has been constructed to transport "Shah Deniz" gas in Azerbaijani sector of the Caspian Sea to Georgia and Türkiye In 2024, the overall throughput of gas via the South Caucasus Pipeline (SCP) constituted 22.99 billion cubic meters.

TANAP

TANAP carries Azerbaijani natural gas from Shah Deniz 2 and other fields of the Caspian Sea to the Türkiye and onwards into Europe. In 2024, 5.61 billion cubic meters out of the 17.35 billion cubic meters of gas carried via TANAP was exported to Türkiye.

TAP

Connecting with the "Trans Anatolian Natural Gas Pipeline" is a natural gas pipeline project that crosses Northern Greece, Albania and the Adriatic Sea before coming ashore in Southern Italy to connect to the Snam Rete Gas (SRG) network. In 2024, total volume exported to European markets was 11.7 billion m^3.

OIL AND GAS OPERATIONS AND A JOURNEY TO NET ZERO

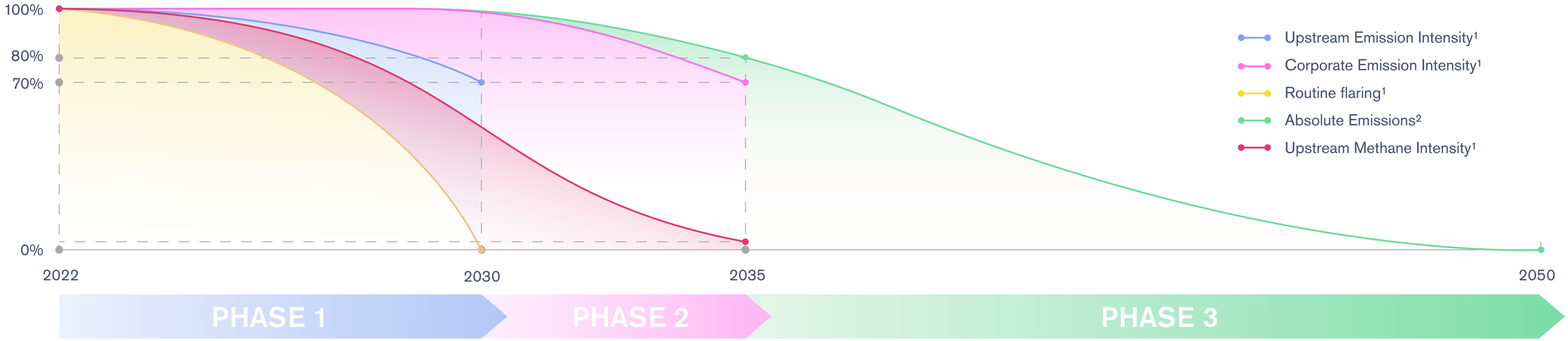
SOCAR continues to lead Azerbaijan's energy sector through vertically integrated oil and gas operations, while charting a strategic course toward net-zero emissions by 2050. As part of this long-term ambition, the company is enhancing its operational efficiency and emissions control measures across upstream, midstream, and downstream segments. These initiatives support the dual objective of energy security and climate responsibility, positioning SOCAR as a forward-looking energy provider within the global energy transition.

SOCAR's commitment to decarbonization is defined by a clear roadmap with measurable targets. Announced at COP28, the company aims to achieve zero routine flaring across all operational assets and reduce upstream emission intensity on equity basis by 30% by 2030, compared to 2022 levels. In addition, SOCAR targets a 30% reduction in corporate emission intensity and a 20% reduction in absolute emissions on equity basis by 2035, compared to 2022 levels. These targets ensure SOCAR remains aligned with both national determined contribution and international climate agreements.

The company has also set a target of achieving near-zero methane intensity in upstream segment on equity basis by 2035 levels and achieving net-zero emissions by 2050. This transformation involves the deployment of low-carbon technologies, advanced digital monitoring tools, and comprehensive environmental management systems. By embracing innovation, SOCAR is laying the foundation for cleaner, safer, and more responsible oil and gas production in the years ahead.

To reach its targets, SOCAR leverages internal enablers: decarbonization of the core, organizational transformation and low carbon businesses. The first stage focuses on the launch of full-scale decarbonization program of SOCAR operations across all key geographies. The second stage targets a mindset shift within the company, embedding renewable energy thinking into its culture. In its final stage, SOCAR is developing new low-carbon businesses such as renewables (solar, wind, and geothermal), exploring carbon capture, utilization, and storage (CCUS) technologies and green hydrogen initiatives, and enhancing energy efficiency and storage solutions.

Figure 8. Timeline of SOCAR's Net-Zero Targets



[1] The scope of this target is limited to domestic operations (including upstream, midstream and downstream) in Azerbaijan.

[2] The scope of this target includes SOCAR's operations in Azerbaijan, Türkiye and Georgia.

SOCAR plays a leading role in Azerbaijan's decarbonization efforts across the country, actively supporting Azerbaijan's Nationally Determined Contributions (NDCs) to achieve the target of reducing greenhouse gas emissions by 40% by 2050 compared to 1990 levels. To reach this goal, SOCAR is investing in cleaner technologies, improving energy efficiency across its operations, and exploring opportunities in renewable energy. The company also collaborates with international partners to align its strategies with global climate action initiatives.

In line with its Nationally Determined Contributions (NDCs), Azerbaijan had already achieved a 35% reduction in greenhouse gas emissions by 2021 compared to 1990 levels, decreasing from 79 to 58 million tonnes of CO_2. The country is currently on track to meet its 40% reduction target by 2050, with an intermediate goal of reaching 51 million tonnes of CO_2 by 2030.

Figure 9. Nationally Determined Contributions (NDCs), $mtCO_2$

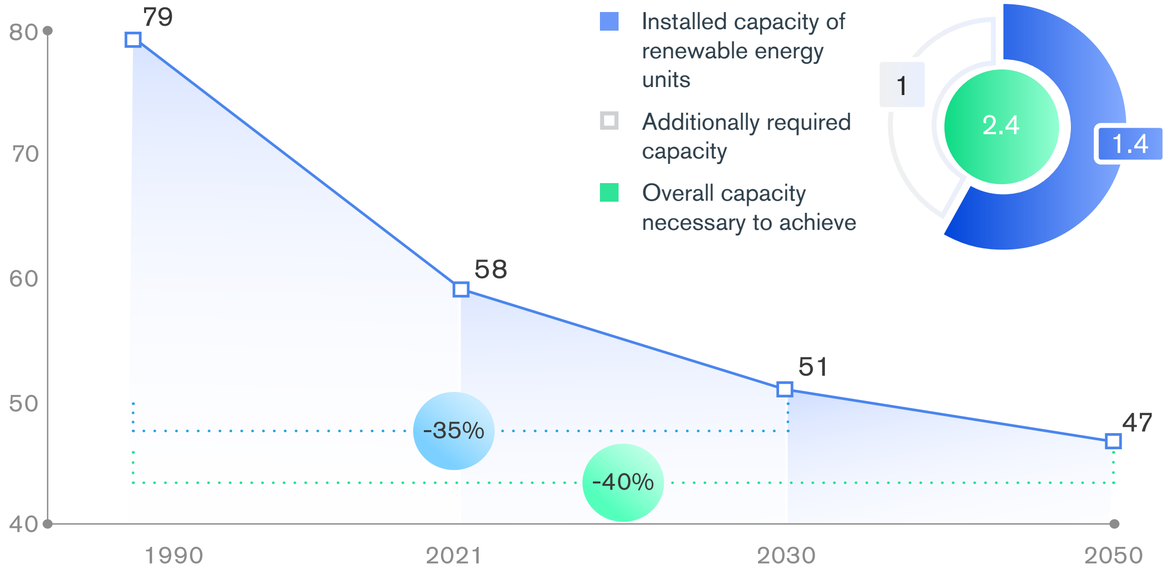


Figure 10. National Renewable Energy targets, GW

Figure 11. Emission Mitigation Targets[1]

Target Name + Scope	2022 Baseline	2023 Performance	2024 Performance	Target + Year
Upstream Emission Intensity[2] Azerbaijan	0.21 $tCO_2eq./t$ product	0.22 $tCO_2eq./t$ product ↑5%	0.43 $tCO_2eq./t$ product ↑105%	0.15 $tCO_2eq./t$ product ↓30% 2030
Corporate Emission Intensity[3] Azerbaijan	0.46 $tCO_2eq./t$ product	0.52 $tCO_2eq./t$ product ↑13%	0.77 $tCO_2eq./t$ product ↑67%	0.32 $tCO_2eq./t$ product ↓30% 2035
Upstream Methane Intensity[4] Azerbaijan	0.92% CH_4 loss / Gas production	0.86% CH_4 loss / Gas production ↓7%	1.9% CH_4 loss / Gas production ↑107%	<0.2% CH_4 loss / Gas production ↓~100% 2035
Absolute Emissions[5,*] Azerbaijan + Türkiye + Georgia	12.6 $MtCO_2eq.$	16.3 $MtCO_2eq.$ ↑29%	17.9 $MtCO_2eq.$ ↑42%	+-0 $MtCO_2eq.$ ↓100% 2050

[1] The reported emissions data reflects Scope 1 and Scope 2 emissions, in line with currently available measurement boundaries. SOCAR recognizes the significance of Scope 3 emissions and is undertaking preparatory measures to develop a comprehensive Scope 3 inventory.

[2,3,4,5] 2022 and 2023 figures have been restated due to methodological updates that include the incorporation of legacy emission sources and data streams previously excluded from the reporting boundary.

* In 2024, 200 thousand tons of methane venting leaks were identified. Accordingly, absolute emissions for previous years were recalculated by distributing this volume across earlier years where necessary, ensuring the total added methane equals 200 thousand tons. The final assumption figures are as follows: 2020 – 13,232,800 CO2e / 2021 – 13,477,900 CO2e / 2022 – 15,112,100 CO2e / 2023 – 20,341,100 CO2e / 2024 – 17,890,190 CO2e

ACQUISITIONS, INVESTMENTS AND FINANCIAL PRODUCTS

SOCAR initiated a company-wide structural shift in 2024 to integrate sustainability into core operations and guide green investments. The establishment of SOCAR Green LLC marked a pivotal step toward institutionalizing climate-focused investment strategies.

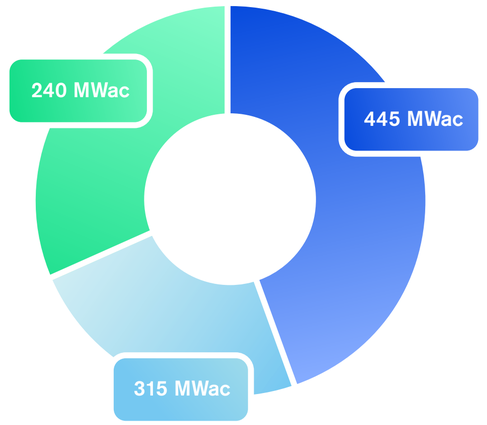
During 2024, SOCAR Green LLC secured internal approvals and initiated preparatory works for three large-scale renewable energy projects: Banka Solar PV (315 MW), Bilasuvar Solar PV (445 MW), and Absheron-Garadagh Wind (240 MW). These projects, jointly developed with Masdar, reached the implementation stage following Investment Committee endorsement. Combined, they represent over USD 938.9 million in total project value, with SOCAR Green's contribution totaling USD 234.7 million. Early works began in late 2024, with full-scale construction expected to kick off in 2025.

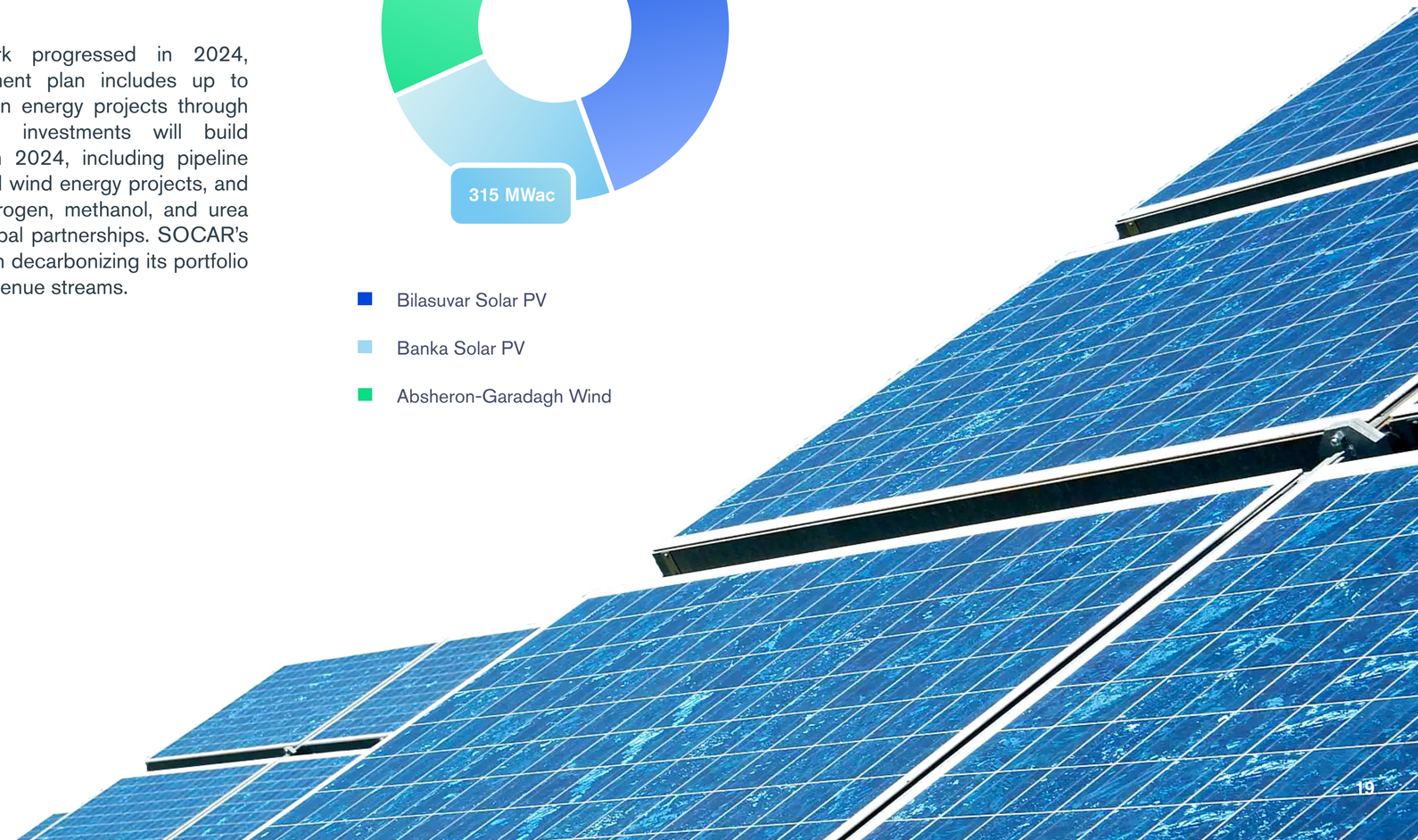
These investments mark SOCAR's strategic entry into utility-scale renewables, supporting national targets on energy diversification and decarbonization. In aggregate, these three projects are expected to have installed capacity of 1 GW of clean energy annually once operational.

Beyond utility-scale renewables, 2024 also saw SOCAR's downstream unit initiate feasibility and early-stage design for a biofuel production facility using plastic waste. This Green Project, developed through a joint venture with Azerbaijan Investment Company and Technip Energies, targets the production of 23.5 KTA of Py-Oil via pyrolysis technology. The project aligns with circular economy principles and will undergo FEED studies in 2025, with SOCAR investing USD 19.7 million during the initial phase.

While foundational work progressed in 2024, SOCAR's 2025 investment plan includes up to USD 125 million in green energy projects through SOCAR Green. These investments will build upon groundwork laid in 2024, including pipeline development for solar and wind energy projects, and exploration of green hydrogen, methanol, and urea opportunities through global partnerships. SOCAR's strategic focus remains on decarbonizing its portfolio while expanding green revenue streams.

Figure 12. SOCAR Green Energy Projects in Azerbaijan





MARKETING PRACTICES AND QUALITY ASSURANCE

SOCAR maintains strict marketing and quality assurance practices across its business and industrial operations to ensure full traceability and international compliance. Starting from sampling to reporting, full traceability and alignment with globally recognized systems have been established for major products such as Gasoline and Diesel, in accordance with ASTM standards.

To meet ISO/IEC 17025 requirements, SOCAR maintains high levels of personnel competency and ensures equipment availability. Product releases comply with EN 590 for Diesel and EN 228 for Gasoline, and international alignment will also be ensured for Jet A1 fuel production beginning in 2026.

Since 2022, 410 official documents have been developed as part of the modernization of quality systems and equipment. A Laboratory Information Management System (LIMS) has been successfully implemented to reduce human error and deliver fully digitalized customer reports in line with ISO/IEC 17025.

SOCAR HAOR Lab actively participates in international round robin tests for liquid and gas hydrocarbons and water testing to verify product quality. Accreditation by product type guarantees reliable test results and ensures conformity with global benchmarks.

Euro 5 Diesel (EN 590) is accredited by TURKAK, while accreditation for Euro 5 Gasoline (EN 228), wastewater testing, selected gas parameters, and Carbamide testing is expected by 2025.

SOCAR Lab strictly upholds impartiality and confidentiality as core operational values. The quality management system is supported by mechanisms such as customer satisfaction surveys, risk evaluation, non-conformity management, internal and external audits, and retention sample procedures.

As part of ongoing efforts to enhance marketing practices and quality assurance, the company advanced its procurement transparency and supplier engagement. In 2024, a total of 436 pre-qualification tenders were organized via the e-Tender platform to establish the company's Approved Suppliers List (ASL). Suppliers were systematically evaluated through clear criteria and guidance, including the newly issued Organization and Management of Pre-Qualification manual and related instructions for participating vendors.

To ensure procedural consistency and strengthen quality-related practices, the 7 Quality Tools manual was prepared and approved. This resource supports the standardization of quality methods across departments and aligns with recognized industry frameworks. In parallel, the company revised and officially approved its quality statement, further reinforcing its commitment to robust governance in quality management.

Within the framework of quality assurance, 687 inspections were conducted at 21 facilities during the receipt of goods and materials. These quality control measures helped ensure compliance with procurement specifications and contributed to risk mitigation across operations, complemented by targeted employee awareness initiatives.

SOCAR prioritized certification to ensure alignment with international best practices. As a result, 15 laboratories within the company group were accredited in 2024 in accordance with the AZS ISO/IEC 17025:2020 standard. These accreditations confirm the organization's technical competence and its commitment to globally accepted testing and calibration standards.

Overall, by adapting continuous improvements in methodological tools, quality culture, and supplier management, SOCAR enhanced operational efficiency and transparency. These advancements strengthen the company's long-term commitment to sustainability principles and the integration of ESG factors across its operations.

ISO 9001:2015 ISO 14001:2015 ISO 45001:2018

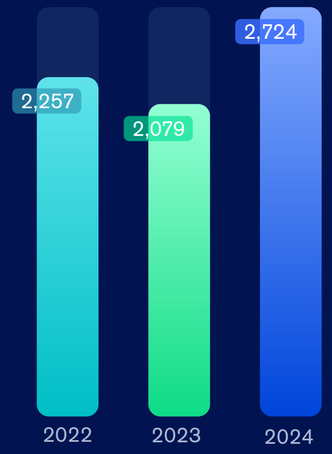
ECONOMIC IMPACT & PERFORMANCE

SOCAR plays a vital role in national economic development through consistent contributions in taxation, employment, procurement, and infrastructure investment. The scale of our operations has stimulated local entrepreneurship, particularly in the service, logistics, and construction sectors. Through consistent capital investments, we enhanced national energy security and supported industrial diversification. These results reflect our alignment with national economic goals and sustainable development.

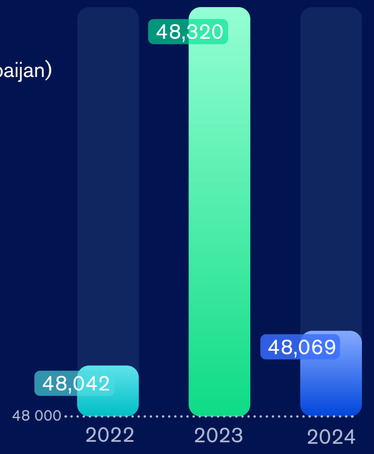
SOCAR did not receive any financial assistance, subsidies, or incentives from national or local government authorities during 2024.

Figure 13. Key Statistics for 2022–2024

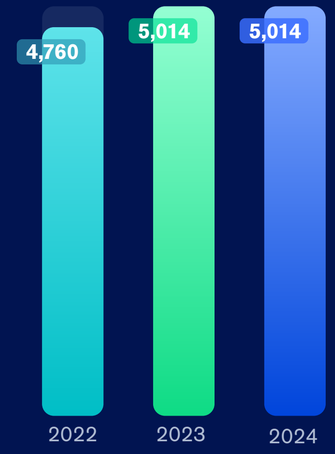
SOCAR's contribution to the public budget, mln. AZN



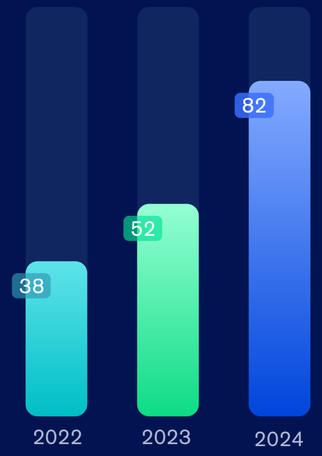
Number of employees at SOCAR (Azerbaijan)



SOCAR's charter capital, mln AZN



The ratio of spending to local suppliers, % at SOCAR (Azerbaijan)



Total social expenditures, mln. AZN

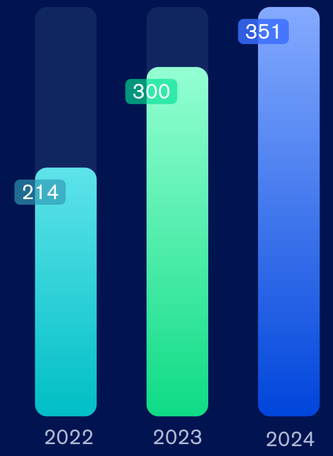


Table 2. SOCAR Group's economic indicators for 2022-2024, million AZN

	2022	2023	2024
Revenues	119,228	85,201	84,689
Prime cost of sales	(104,526)	(76,639)	(77,296)
Distribution costs	(3,048)	(2,206)	(2,045)
General and administrative expenses	(1,851)	(1,939)	(2,252)
Other operating costs	(973)	(2,561)	(1,869)
Financial expenses	(1,573)	(1,633)	(2,074)
Other revenues/(expenses)	2,131	2,050	3,774
Profit/(loss) for the year	9,424	2,073	2,927
Other consolidated loss for the year (taxes excluded)	1,622	(103)	(879)
Consolidated revenue/(loss) for the year	11,046	1,970	2,048

CAPEX[1]
↗ 46%
4,582 million. AZN

NET CASH FLOW
2,230 million. AZN

NET PROFIT
↗ 42%
2,927 million. AZN

EBITDA MARGIN
PRIOR YEAR 9.5%
10.2%

[1] The increase in capital expenditures this year reflects not only additions to property, plant and equipment but also the acquisition of additional participation interests in joint arrangements, which contributed to the overall amplified investment value.

TAX

SOCAR is committed to conducting its tax affairs with integrity, transparency, and in full alignment with national legislation and internationally recognized standards. Our approach to taxation reflects our broader commitment to ethical business conduct, sustainable development, and responsible corporate citizenship. As a state-owned enterprise, we recognize the strategic importance of our tax contributions to national economic growth, infrastructure, and social welfare.

The Company strictly complies with the tax laws of the Republic of Azerbaijan and all jurisdictions in which it operates. Our tax practices are governed by principles of legality, fairness, and accountability. SOCAR pays all taxes and fiscal obligations in full and on time, refraining from aggressive tax planning, artificial arrangements, or the use of offshore jurisdictions that could erode the tax base. We aim to ensure that tax payments are a fair reflection of the economic value created by our activities in each jurisdiction.

Transparency is central to our tax governance model. SOCAR maintains comprehensive and auditable records and submits regular reports to tax authorities in accordance with applicable legal requirements. We conduct internal tax risk assessments and subject our tax reporting to independent audits as part of broader financial oversight mechanisms. Open and constructive dialogue with regulatory authorities helps ensure legal clarity and reduces compliance risks.

Tax strategy and policy are managed by qualified experts and overseen by Executive Board, with clear reporting lines and responsibilities. SOCAR also integrates tax compliance into its enterprise risk management system, ensuring that tax-related risks are identified, monitored, and mitigated proactively.

We view responsible tax conduct as a key enabler of social investment and public service delivery. Our contribution to public finances reinforces trust with stakeholders and supports national development goals. SOCAR continuously reviews its internal tax policies and aligns them with evolving international frameworks, such as the OECD's Base Erosion and Profit Shifting (BEPS) initiative, where applicable. By maintaining a stable and transparent tax approach, we aim to ensure long-term value creation for the state, our stakeholders, and society at large.

Figure 14. Total tax paid by SOCAR in each country of operation 2024, million AZN

Azerbaijan		2,724
Türkiye[1]	1 TRY =0.05 AZN 2024 yearly average	21
Switzerland	1 CHF = 1.93 AZN 2024 yearly average	896
Georgia	1 GEL = 0.62 AZN 2024 yearly average	166
Ukraine	1 UAH = 0.04 AZN 2024 yearly average	37
Austria	1 EURO = 1.84 AZN 2024 yearly average	8

[1] This figure shows only the direct corporate tax paid during the period after government-introduced incentives. However, the total direct+indirect taxes paid to the Turkish Tax Authorities in fiscal year 2024 was around 2.7 billion AZN.

SUSTAINABLE MANAGEMENT

In 2024, SOCAR initiated a company-wide transformation to embed sustainability into its governance and strategic direction. A dedicated sustainability working group was established, composed of employees across all seniority levels, to assess SOCAR's position and priorities. This resulted in a comprehensive gap analysis that identified 120 actions, covering both existing policies and areas requiring urgent development. Key topics were prioritized using the materiality survey results, with the "Sustainable Development Policy" providing the foundational framework.

To ensure proper oversight, sustainability at SOCAR is managed at the highest level, with regular engagement by Vice President-level executives and business segment leaders. A Steering Committee, including heads of Finance, Strategy, and Energy Transition, was convened to drive strategic decision-making and ensure integration across divisions. Sustainability topics are now embedded into strategic planning discussions, reflecting the critical importance of environmental and social risks within SOCAR's long-term business strategy.

Policies, Standards, and International Commitments

SOCAR operates under a structured suite of corporate sustainability policies, including the

- Environmental Policy
- Statement on Environmental Protection Goals
- Statement on Biodiversity Conservation
- 2021–2030 Low Carbon Development Strategy
- Quality Statement
- Human Rights Statement

At COP28, SOCAR reinforced its commitment to decarbonization by co-founding the Oil & Gas Decarbonization Charter (OGDC) and joining its Signatories Committee, further strengthening its efforts to address key climate challenges on a global scale.

In 2024, SOCAR officially became a member of the Oil and Gas Methane Partnership 2.0 (OGMP 2.0), the United Nations Environment Programme's (UNEP) flagship initiative for improving accuracy and transparency in methane emissions reporting across its oil and gas value chain.

SOCAR has reinforced its sustainability commitment through key structural developments, including the creation of SOCAR Green LLC and the Energy Transition, Environment and Decarbonization (ETED) segment. Furthermore, the ESG Division was established within the Corporate Finance Department to ensure financial implications of sustainability efforts are properly integrated. By linking sustainability considerations directly to corporate KPIs, budgets, and risk management frameworks, SOCAR ensures sustainability is not peripheral, but fundamental to its operational model.

SOCAR also places strong emphasis on engagement with key stakeholders, investors, employees, and local communities, ensuring inclusiveness in its sustainability decision-making process. This includes forums, panels, and targeted roundtables, including such events as those hosted during the 2024 OGDC event in Baku. Reports align with GRI standards of stakeholder input across the central mechanisms for monitoring ESG performance and addressing stakeholder concerns. This approach ensures that stakeholder feedback informs SOCAR's ongoing commitments to accountability.

Sustainability education and awareness programs were launched to foster internal alignment and a culture of proactive change management. To this end, workshops and sustainability action programs were launched for tactical and operational leaders to strengthen internal capacity. Interdepartmental collaboration ensures that sustainability practices are embedded into functions such as procurement, HR, and operations. Performance is measured through annual Sustainable Development Reports, enabling a transparent monitoring of ESG targets alongside financial outcomes.

The ESG Division plays a central role in ESG Strategy Development and Implementation Coordination, aligning corporate objectives with global sustainability standards. It also leads Stakeholder Engagement activities, ensuring open communication and collaboration with internal and external parties. In addition, the Division is responsible for ESG Reporting and Performance Monitoring, ensuring the Company's disclosures meet international transparency expectations. As part of its duties, the ESG Division also manages ESG Rating Accreditation processes, coordinating with international rating agencies and aligning internal practices accordingly. Through this comprehensive mandate, the ESG Division contributes to embedding sustainability into SOCAR's decision-making processes. This approach enhances long-term value creation and strengthens investor confidence in the Company's ESG performance.

In order to further institutionalize sustainability governance, SOCAR is planning to establish an ESG Commission. This initiative aims to ensure effective organization, oversight, financing, and reporting of environmental, social, and governance matters across the SOCAR Group. The Commission will be responsible for making strategic decisions, defining key requirements, and providing relevant recommendations and opinions to the Executive Board and the President of SOCAR. The creation of this Commission reflects the Company's ongoing commitment to advancing ESG practices and strengthening high-level oversight in line with evolving stakeholder expectations.

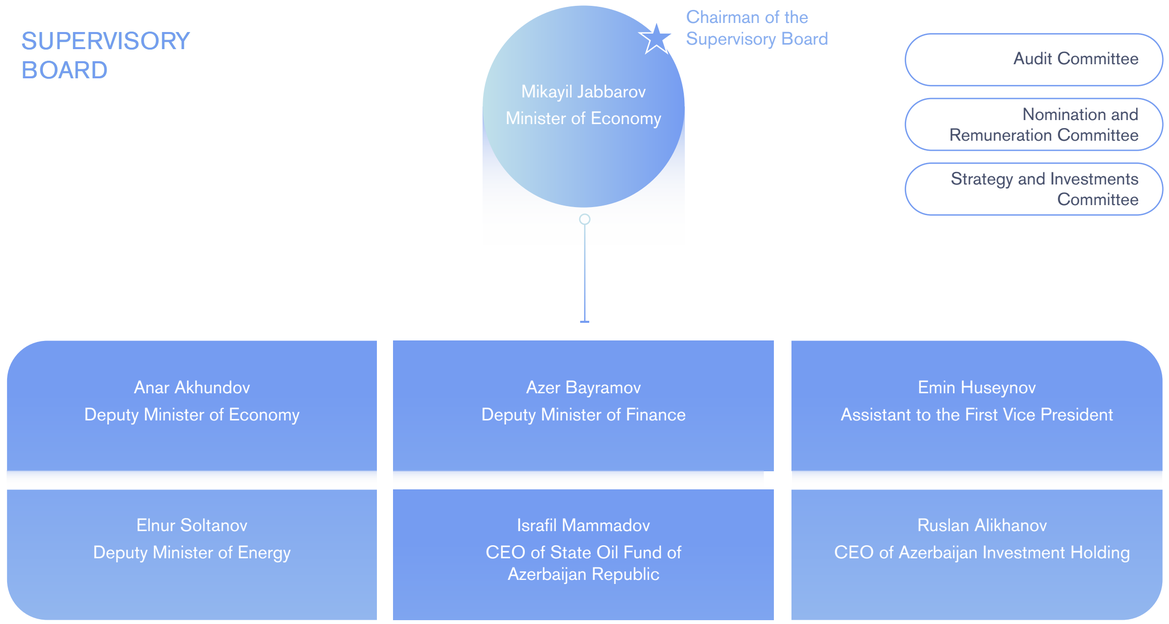
GOVERNING WITH INTEGRITY

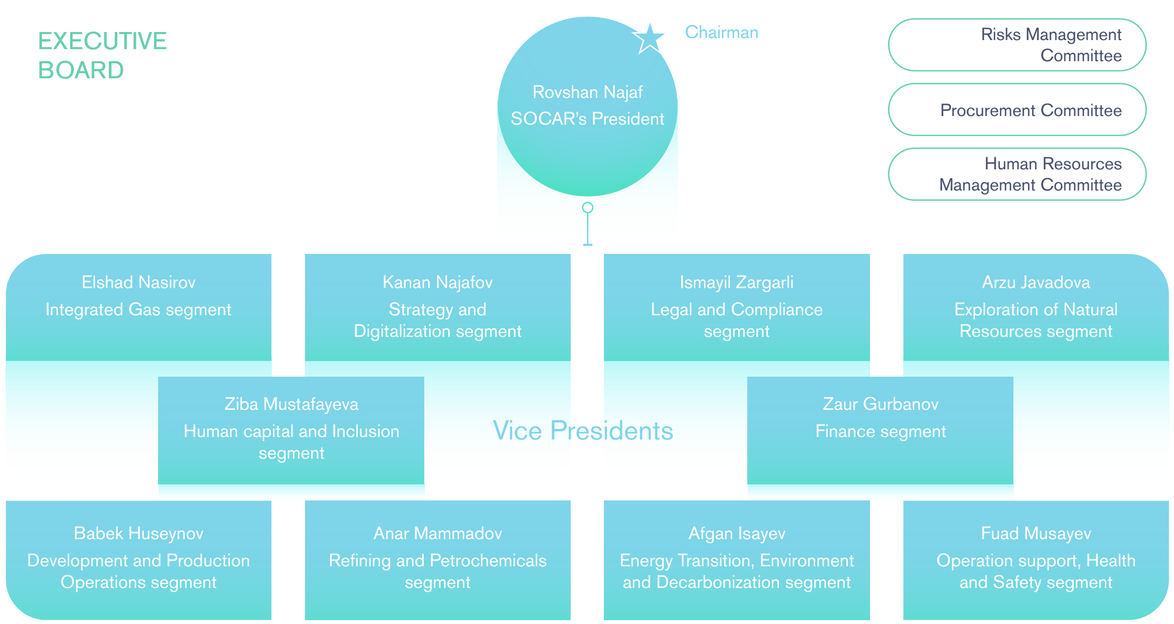
GOVERNANCE FOUNDATION

Corporate governance provides a structured framework for directing and managing SOCAR's operations in a responsible and transparent way. It supports the company's strategy and sustainability objectives, ensuring effective decision-making, risk management, and long-term value creation. This approach reflects SOCAR's dedication to ethical conduct, accountability, and alignment with internationally recognized ESG principles. SOCAR is a state-owned enterprise and operates within a structured governance framework that reflects its national importance and strategic role in the energy sector.

The Company's highest governing body is the General Assembly, whose supreme authority is defined by the Decree No.1258 of the President of the Republic of Azerbaijan, dated January 23, 2021, On Measures Related to the Progress of Management of the State Oil Company of the Azerbaijan Republic. Pursuant to the Decree, matters related to the reorganization and liquidation of SOCAR, as well as the appointment and dismissal of members of its Supervisory Board and Executive Board, are decided by the President of the Republic of Azerbaijan.

All other matters falling under the authority of the General Assembly, except those specifically delegated as stated above, are entrusted to the Azerbaijan Investment Holding upon agreement with the President of the Republic of Azerbaijan. The Company's governance bodies also include the Supervisory Board, which exercises overall guidance and oversight of SOCAR's activities with the aim of enhancing efficiency and improving its management in line with modern corporate governance standards, and the Executive Board, led by the SOCAR's President, responsible for operational performance and implementation of strategic goals. This model provides a clear separation of roles, strengthens accountability, and supports SOCAR's commitment to responsible governance and sustainable value creation.





SUPERVISORY BOARD

Name	M/F	Experience (years)	Tenure (years)
Mikayil Jabbarov	M	30	4
Anar Akhundov	M	31	2
Azer Bayramov	M	35	4
Emin Huseynov	M	27	4
Elnur Soltanov	M	21	4
Israfil Mammadov	M	30	4
Ruslan Alikhanov	M	27	4

EXECUTIVE BOARD

Name	M/F	Experience (years)	Tenure (years)
Rovshan Najaf (President)	M	24	3
Anar Mammadov	M	30	2
Arzu Javadova	F	40	2
Babak Huseynov	M	20	2
Elshad Nasirov	M	44	19
Afgan Isayev	M	28	2
Fuad Musayev	M	27	2
Ismayil Zargali	M	28	2
Kanan Najafov	M	29	4
Zaur Gurbanov	M	20	4
Ziba Mustafayeva	F	25	2

Supervisory Board	Board size # of Board members	Board meetings # of Board meetings	Attendance[1] Attendance rate, %
SOCAR	7	11	95
SOCAR Türkiye Enerji A.Ş.	7	3	84
SOCAR Energy Georgia LLC	5	2	75
SOCAR Energy Ukraine LLC	5	10	92
SOCAR Energy Holdings AG	7	2	92

[1] The attendance rate was calculated by dividing the number of attendees to the number of seats expected to be filled aggregated.

Azerbaijan Investment Holding

Azerbaijan Investment Holding is a public legal entity established to strengthen the management systems, transparency, and operational efficiency of state-owned enterprises. Its mandate includes oversight of state-owned companies and those with majority state ownership that have been transferred to its governance. The Holding also aims to improve the financial sustainability and competitiveness of these entities by aligning them with international performance and governance standards. Through its centralized oversight, Azerbaijan Investment Holding plays a critical role in ensuring that companies under its management operate in line with national strategic objectives and deliver long-term value.

Supervisory Board

The Supervisory Board plays a key role in upholding strong corporate governance and ensuring the Company's long-term sustainability. As part of its oversight function, the Board supports the development and approval of SOCAR's strategic direction and monitors the performance of Executive Board through a structured evaluation system. It also ensures that organizational decisions—such as changes to the corporate structure or the leadership of subsidiaries—are aligned with governance principles and operational needs. In support of transparency and internal accountability, the Board oversees the creation of dedicated functions for risk management, internal audit, and compliance. By endorsing key financial and operational policies, the Board helps maintain business continuity, strengthen financial discipline, and safeguard stakeholder trust. This active and integrated governance approach commit SOCAR to integrity, efficiency, and responsible business conduct in line with global sustainability expectations.

The Supervisory Board is composed of seven members appointed and dismissed by the President of the Republic of Azerbaijan. Each member is appointed for 3 years[1], contributing to the continuity and effectiveness of the Company's strategic oversight. The composition and mandate of the Board reflect the importance placed on stable and accountable governance in alignment with national legislation and the Company's long-term objectives. The members of the Supervisory Board have diverse professional backgrounds across sectors such as energy, finance, banking, education, tax, investment, and construction. There were no changes in the composition of the Supervisory Board during 2024.

The Chairman shall convene and chair Supervisory Board meetings at least once every three months.

In accordance with SOCAR Charter, SOCAR's Board of Directors maintains oversight over three working committees—the Audit Committee, the Nomination and Remuneration Committee, and the Strategy and Investments Committee—with members appointed by the Board.

Executive Board

The Executive Board of SOCAR is responsible for identifying the most effective pathways to achieve the Company's strategic goals, organizing relevant activities, and overseeing their implementation. In accordance with the Company Charter, the Executive Board is composed of the President of SOCAR, two First Vice Presidents, and twelve Vice Presidents. The President also serves as the Chair of the Executive Board. As per the decree No.3376 of the President of Azerbaijan dated July 21, 2022, Rovshan Najaf was appointed as the President of the State Oil Company of Azerbaijan.

As of the reporting year, the Executive Board consists of 11 members, of whom 18% are women and 82% are men. The nomination and appointment process follows national legal requirements and ensures alignment with the Company's strategic priorities and operational needs, projecting effective leadership, inclusive representation, and the integration of strategic oversight into sustainability governance framework.There were no changes in the composition of the Executive Board during 2024.

Nomination and remuneration committee at the Board level is managed by the Finance Segment. However, as outlined in clause 5.3.4 of the "Performance Management Process at SOCAR", executive compensation is determined based on four key performance perspectives: Financial, Operational, Safety and Sustainability, and Organization and Culture.

This structure indicates that ESG-related aspects (e.g., sustainability and culture) are already embedded within the executive performance evaluation framework and, to some extent, considered in compensation decisions.

[1] The supervisory board membership is automatically extended, if there is no official update from the President of the Republic of Azerbaijan.

COMMITTEES OF SOCAR'S GOVERNING BODIES

Audit Committee

The Audit Committee determines SOCAR's internal audit policy and strategic direction. It approves internal audit plans and oversees their effective implementation across the company. The Committee provides recommendations to enhance the internal control system and submits proposals to relevant management bodies to improve risk management processes. It also identifies areas within SOCAR, and its structural units exposed to significant financial and operational risks, ensuring focused monitoring and effective risk mitigation.

- Ruslan Alikhanov
- Emin Huseynov
- Israfil Mammadov

Nomination and Remuneration Committee

The Nomination and Remuneration Committee ensures continuity in the activities of the Supervisory Board and SOCAR's executive leadership. It conducts regular and objective evaluations of the performance of the Supervisory Board, management, and other employees. The Committee establishes effective human resources policies, equitable remuneration and reward systems, and provides social support alongside professional training and development opportunities for executives and staff. Additionally, it addresses matters arising from SOCAR's Charter, their Regulation, and other internal corporate documents.

- Anar Akhundov
- Emin Huseynov
- Elnur Soltanov

Strategy and Investments Committee

The Strategy and Investments Committee enhances SOCAR's investment attractiveness and drives long-term value creation. It ensures strategic alignment and effective planning of the company's financial and economic activities. The Committee identifies priority areas, defines key investment projects, and closely monitors SOCAR's financial and operational activities. Based on monitoring outcomes, it proposes actions to strengthen financial results and support sustainable growth. Additionally, the Committee makes recommendations regarding dividend policies and other financial distributions. It also addresses strategic and financial matters in accordance with SOCAR's Charter and internal regulations.

- Mikayil Jabbarov
- Anar Akhundov
- Ruslan Alikhanov
- Elnur Soltanov
- Azer Bayramov

Risk Management Committee

The Risk Management Committee prepares the Group Risk Appetite Statement (RAS) and submits it to the Audit Committee for review and the Supervisory Board for approval, incorporating amendments when requested. It also develops the Group Risk Map, providing recommendations on assigning responsibilities for risk monitoring and control, submitting these for review and approval. The Committee approves quarterly reports on corporate risk status and the effectiveness of implemented risk management measures. It formulates actions to mitigate risks affecting the achievement of strategic goals and decides whether specific risk matters should be managed internally or escalated to senior management, the Audit Committee, or the Supervisory Board. Additionally, the Committee authorizes deeper risk analyses, involving employees or external experts with specialized skills (modeling, actuarial, IT). It continuously monitors the compliance of assumed risks with SOCAR's Risk Management Policy and Strategy.

Human Resources Management Committee

The Human Resources Management Committee manages key personnel-related decisions, including authorities defined under national and international scholarship programs, such as adjusting specialization quotas and approving candidate applications. It reviews and provides recommendations regarding changes to the employee grading and reward system, evaluates requests for increasing staff numbers and structural adjustments within SOCAR's subsidiaries.

The Committee reviews proposals aimed at workforce optimization and approves the list of job positions eligible for increased salary coefficients due to hazardous working conditions.

Furthermore, the Committee examines proposals to enhance employee experience based on results from internal employee surveys. It submits recommendations to the SOCAR President within its scope, reviews and approves working time standards, and evaluates requests for assigning employees from subsidiaries to the Head Office. The Committee also addresses matters related to improving human resource decision-making processes and manages other HR-related issues as directed by SOCAR's internal regulations or the President.

Procurement Committee

The Procurement Committee ensures compliance of procurement procedures with regulatory requirements, resolves procurement-related disputes, and approves vendor lists or delegates authority for their approval. Within its defined authorization limits, the Committee approves procurement strategies, participant lists, and tender results, including non-competitive purchases of goods, works, and services. It authorizes increases in overall contract values and coordinates procurement processes across structural units.

The Committee may suspend procurement procedures prior to contract finalization and adopts methodology, guidelines, and procedural documents consistent with regulatory frameworks. It approves procurement group charters and defines individual authorization limits for structural units to optimize procurement efficiency. Additionally, it authorizes framework agreements with external vendors or contractors within established authority limits and may cancel procurement results if selected offers significantly differ from estimated procurement values, initiating new procurement processes as required.

GOVERNANCE AND OVERSIGHT OF SUSTAINABILITY AND RISK MANAGEMENT

Sustainability and risk management within the Company are guided by a multi-tiered governance structure that ensures strategic alignment, operational integrity, and long-term resilience. At the highest level, the Supervisory Board defines the overall conceptual framework for risk oversight, establishing a clear direction for the Company's approach to managing risks in alignment with its broader sustainability goals. As part of this role, the Supervisory Board approves the risk management policy and the Charter of the Risk Management Committee, while also appointing its permanent members—ensuring continuity and expertise within the governance process. The Supervisory Board also directly oversees sustainability by setting corporate sustainability KPIs for SOCAR's Executive Board based on KPI assessment methodology set by Azerbaijan Investment Holding. These KPIs are cascaded throughout the organization, with segment heads, ensuring implementation within their sectors and advising on the effectiveness of sustainability strategies. An external consultant provide assurance and advises on the effectiveness of sustainability KPI setting, supporting continuous improvement.

Complementing this oversight function, the Audit Committee—operating under the Supervisory Board—plays a crucial role in enhancing the effectiveness of risk governance. It identifies areas across the Company and its subsidiaries where financial or non-financial risks may be elevated and provides the Executive Board with targeted recommendations aimed at strengthening the system as a whole. Through this interaction, the Audit Committee serves as a bridge between strategic oversight and operational execution, helping to translate governance priorities into actionable risk responses.

Day-to-day responsibility for implementing and monitoring risk management activities lies with the Executive Board, which executes these tasks through the Risk Management Committee (RMC). This Committee ensures that identified risks are regularly reviewed, escalated where necessary, and integrated into the Company's strategic planning. The RMC also facilitates collaboration across departments, promoting a culture of risk awareness that supports informed decision-making and fosters organizational accountability.

The coordinated efforts of these governance bodies ensure that sustainability-related risks—ranging from climate impacts to social and ethical concerns—are recognized early and managed effectively. This layered approach not only strengthens the Company's capacity to respond to emerging risks but also reinforces stakeholder trust by promoting transparency and responsible leadership. Together, these mechanisms support the Company's long-term vision for sustainable growth and responsible corporate conduct.

Compliance Oversight and Policy Development

In support of the Company's commitment to ethical conduct and regulatory integrity, compliance governance was significantly enhanced during 2024. Under the supervision of the relevant Vice President, the Head of the Legal and Compliance Segment—who is a member of the Executive Board—led the development of several key compliance policies. These included new Code of Business Ethics and Conduct, Anti-Bribery and Corruption, Anti-Money Laundering and Crime Financing, Anti-Tax Evasion Policy, Global Sanctions Policy as well as the Conflict of Interest Policy and the Social Investments, Charitable Contributions, and Sponsorships Policy. Each policy was carefully formulated to reflect the Company's responsibility toward ethical business practices and sustainable community engagement.

Upon finalization, these policy drafts were submitted to the Supervisory Board for formal review and approval. The Board endorsed the proposed documents within the same year, demonstrating a clear alignment between executive initiative and supervisory oversight. Following approval, the policies were transmitted to the Executive Board to guide the Company's operational and compliance activities.

In accordance with internal governance codes and policy requirements, the Head of the Legal and Compliance Segment maintains regular reporting lines directly to the President of the Company. This direct reporting structure enhances transparency, ensures timely communication of compliance-related risks, and reinforces accountability at the highest levels of corporate leadership.

The integration of these policies into the Company's broader governance framework strengthens its resilience to legal and reputational risks, while reinforcing its commitment to responsible business conduct. These measures form a vital part of the Company's ongoing efforts to uphold ethical standards, foster stakeholder trust, and ensure compliance across all areas of operation.

Political Participation and Lobbying

The Company does not engage in any political participation or lobbying activities. SOCAR has not participated in any local or international initiatives in this area, nor has it been involved in discussions with government authorities on such matters.

Public Policy Advocacy and Engagement

SOCAR recognizes the critical impact that the national policy frameworks play in advancing sustainable development and the energy transition. As a state-owned energy company, SOCAR actively engages with national and regional authorities to support the development of regulations and public policies that align business operations with Azerbaijan's climate commitments, international frameworks such as the Paris Agreement, and the United Nations Sustainable Development Goals (SDGs). Principles of Responsible Advocacy SOCAR's approach to policy engagement is guided by the following principles:

- Transparency:
  SOCAR discloses key areas of policy advocacy and avoids any lobbying practices inconsistent with national priorities or international sustainability goals.
- Alignment with strategic goals:
  SOCAR's policy positions are aligned with its long-term strategic goals, which include increasing energy efficiency, reducing GHG emissions, and scaling up clean energy investments.
- Stakeholder Participation:
  SOCAR supports inclusive and science-based policymaking and collaborates with academia, NGOs, and international organizations on climate and environmental policy matters.
- Governance Oversight:
  SOCAR's strategic advocacy topics are reviewed by senior management to ensure alignment with corporate values, decarbonization targets, and stakeholder expectations.

Role in National Policy Advocacy

SOCAR participates in public policy processes through:

- Regular technical consultations with the Government of Azerbaijan on climate legislation, methane management, and low-emissions development strategies;
- Engagement in inter-ministerial working groups addressing just transition and strategic impact assessments for new programs;
- Contribution of data and expertise to the national GHG inventory and reporting process under the UNFCCC framework.

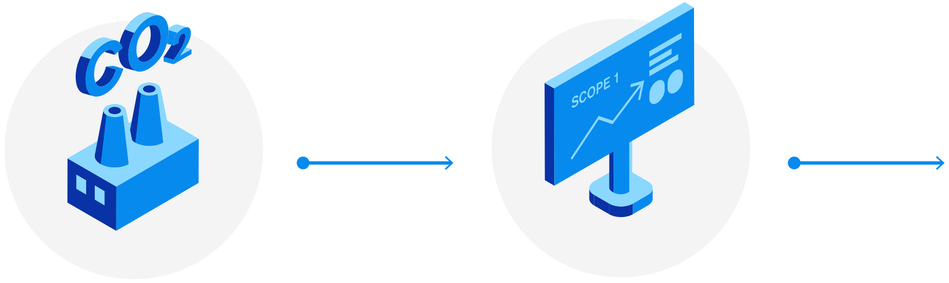
SOCAR'S APPROACH TO CLIMATE ACTION AND SUSTAINABILITY COMPLIANCE

In 2024, SOCAR remained steadfast on its path to sustainability. Since 2023, the Company has initiated a shift toward becoming a National Energy Company and a sustainable energy provider. In this initial phase, SOCAR continues to operate as a National Oil Company while advancing a clear transition strategy. The Company has set a strategic objective to evolve into a leading National Energy Company with a net-zero emissions profile by 2050. This commitment closely aligns with global climate goals and tuned to fit in to international energy demands. The transformation is supported by internal policy alignment and enhanced sustainability governance. These actions form the foundation for the Company's climate and energy transition roadmap detailed in the following sections.

As part of its strategic commitment to climate action and sustainability, SOCAR has developed and deployed key performance indicators (KPIs) to track environmental progress across its operations. During the reporting period, SOCAR introduced the "CO_2 Emissions" KPI. This indicator measures greenhouse gas intensity and supports more accurate management of emissions. Following a thorough internal review and alignment with SOCAR's strategic sustainability priorities, the KPI was formally approved by the Supervisory Board. It has since been adopted as a corporate-level metric and integrated into the Company's overall performance monitoring system, reinforcing transparency, accountability, and continuous improvement in emissions reduction.

The KPI's methodology focuses on emissions directly associated with SOCAR's core operational activities. The numerator reflects the total amount of CO_2 emissions, measured in kilograms, that contribute to the greenhouse effect. These emissions are derived from upstream, midstream and downstream operations and represent Scope 1 and Scope 2 emissions. This focus ensures a clear and consistent approach to measuring emissions within the Company's primary area of operational control. The denominator of the KPI represents upstream hydrocarbon production in Azerbaijan plus downstream production from Türkiye assets, quantified in barrels of oil equivalent (BOE).

In a nutshell, the calculation includes emissions generated by exploration and production activities, oil and gas transport and petrochemical operations, including Upstream, Midstream, Downstream, excluding only Scope 3 emissions. This targeted approach aligns with SOCAR's environmental goal of monitoring and mitigating its direct carbon footprint. The chosen methodology reflects both international sustainability expectations and the Company's internal governance standards for the year ended 31 December 2023.



Transition Start

Governance & KPI Deployment

TARGETS

Routine Flaring Ends

Near-Zero Upstream Methane Intensity

Net-Zero National Energy Company

BUSINESS ETHICS

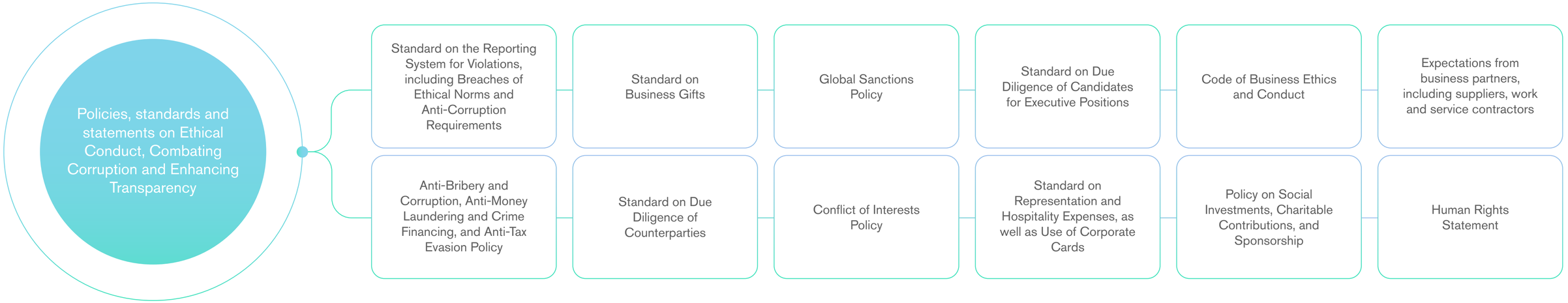
SOCAR, as a state-owned oil company, bases its ethical values on the principles of legal compliance and corporate responsibility. These principles underpin the Company's governance practices, ensure respect for the rule of law, and foster the implementation of elevated standards of professional behavior throughout its activities.

This year – to stay related with evolving industry landscape – SOCAR's Supervisory Board approved and initiated the implementation of several new documents: SOCAR's Code of Business Ethics and Conduct, the Conflict of Interest Policy, the Global Sanctions Policy, the Anti-Bribery and Corruption, Anti-Money Laundering and Crime Financing, Anti-Tax Evasion Policy, and the Policy on Social Investments, Charitable Activities, and Sponsorships. Through these newly adopted policies and the updated Code, SOCAR reaffirmed its commitment to high ethical standards, strengthened its organizational integrity, and effectively mitigated threats and risks that may undermine ethical values or the Company's business reputation.

The newly implemented SOCAR Code of Business Ethics and Conduct defines the norms and behavioral standards – expected by every stakeholder – necessary to achieve the Company's objectives, support sustainable growth, and contribute to the well-being of employees and the broader society of the Republic of Azerbaijan. During the year, communication of the Code was initiated through internal web platforms and training sessions. New employees were required to confirm their familiarity with the Code and their commitment to adhere to its principles by signing relevant declarations. Existing employees were informed that, one year after completing the required training, they would be asked to sign a certification confirming their compliance with the Code of Conduct's provisions.

Unlike the previous version, the new Code introduces additional responsibilities specifically for senior management, beyond the general duties applicable to all employees. It also establishes new provisions covering areas such as insider information, anti-money laundering, counter-terrorist financing, anti-tax evasion, international trade restrictions, and human rights, among others.

The main document governing SOCAR's ethical conduct and compliance system is the Code of Business Ethics and Conduct, along with several internal documents and policies on specific topics arising from its provisions.



COMPLIANCE

As part of the ongoing process to enhance internal compliance regulations within SOCAR, in 2024, draft versions of the new Policy on Gifts, Entertainment, Incentives, Hospitality, and Hosting were submitted to the Supervisory Board for review and approval. Furthermore, the development and internal implementation of two new procedures are underway and expected to be finalized in 2025: the comprehensive Compliance Due Diligence Procedure, which will replace the Standard on Counterparty Due Diligence (in effect since 2012), and the Procedure on the Ethics and Compliance Helpline and Safeguards Against Retaliation, which will replace the Standard on the Reporting System for Violations, including Breaches of Ethical Norms and Anti-Corruption Requirements.

Protection of Confidential Information and Personal Data

SOCAR prioritizes the protection of confidential information and personal data as a core component of its business ethics framework. The Company recognizes the importance of safeguarding sensitive information in accordance with applicable laws and global best practices. To this end, SOCAR and its Group companies have adopted the Policy on the Protection of Confidential Information and Personal Data. This policy was developed to ensure full compliance with legal and regulatory requirements and widely accepted recommendations in all jurisdictions where the Company operates. It was formally approved by the Supervisory Board on August 5, 2022. Since then, the policy has been implemented across SOCAR's operations and is integrated into internal compliance systems. All employees are expected to uphold this policy and receive training on proper data handling procedures. The policy defines the types of confidential and personal data, as well as the responsibilities for their secure storage and processing. It outlines procedures for access control, breach response, and risk mitigation. Internal audits periodically assess adherence to the policy to ensure continuous improvement.

Our Anti-Corruption Efforts

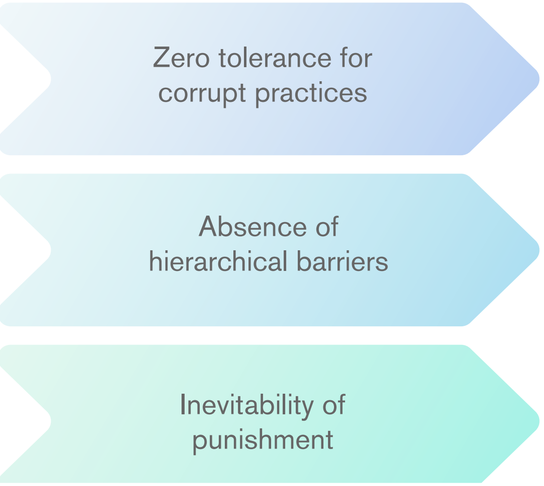
In accordance with the anti-corruption principles and requirements established by the legislation of the Republic of Azerbaijan, business ethics standards, international legal and regulatory acts, the laws of foreign countries, and best international practices, SOCAR has adopted a "zero tolerance" approach to all forms of corruption. In line with this commitment, the company developed and began implementing in 2024 a new Policy on Anti-Bribery and Corruption, Anti-Money Laundering and Crime Financing, and Anti-Tax Evasion, which replaced the previous policy in force since 2012.

As part of the implementation of this policy, SOCAR has established a comprehensive internal regulatory framework aimed at combating corruption and enhancing transparency, in full alignment with national legislation, international principles, and applicable legal requirements. In addition to this policy, the newly adopted Code of Business Ethics and Conduct, SOCAR's clearly defined expectations for its business partners—including suppliers, contractors, and service providers—as well as both Azerbaijani and English versions of the standard governing SOCAR's Hotline have been made publicly available on the company's official corporate website.

In accordance with the "National Action Plan for Strengthening the Fight Against Corruption for 2022–2026" approved by the President of the Republic of Azerbaijan, SOCAR developed and approved its annual action plan for 2024, which was submitted to the Anti-Corruption Commission of the Republic of Azerbaijan. The plan included measures to increase transparency in recruitment, introduce public oversight mechanisms, raise awareness, conduct anti-corruption training for employees, and assess and manage corruption risks. A report on the implemented measures was submitted to the Commission and the Cabinet of Ministers at the end of the year. A new action plan for 2025 is expected to be approved and implemented, with results to be reported accordingly. Additionally, information on SOCAR's anti-corruption activities was published on the official website, social media platforms of structural units, and disseminated through public media channels.

During the reporting period, no instances of corruption were identified within the structural units of the Company. SOCAR is committed to increase the effectiveness of its internal control mechanisms, compliance procedures, and to make continuous efforts to uphold the principles of integrity and transparency across all levels of the organization. The Company's firm commitment to the "zero tolerance" policy on corruption contributes to the successful implementation of preventive measures and awareness-raising activities.

Core Principles of Anti-Corruption Activities



Regulation of Personal and Corporate Conflicts of Interest

To prevent conflicts of interests, SOCAR has implemented a system that ensures employees' personal or commercial interests do not interfere with the Company's operations or compromise objectivity in decision-making. Continuous oversight is exercised to ensure that employees do not hide their interests in partner and competitor companies. Since 2014, conflict of interests declarations have been used to collect relevant information, and all identified or potential cases are assessed for their risk of developing into actual conflicts or corrupt practices.

In 2024, in connection with the implementation of the new Conflict of Interests Policy, a dedicated working group was established at SOCAR's Head Office to review potential conflict of interest cases. In line with the provisions of the policy, ad-hoc (case-specific) and semi-annual declaration forms for employees, as well as disclosure forms for candidates applying for positions, were developed and distributed to the relevant parties for completion. Additionally, instructions were issued to SOCAR Group enterprises for the establishment of similar working groups and the implementation of these declaration forms.

Approach to Ethical Risk Management and Reporting

SOCAR has established formal mechanisms for identifying and addressing ethical risks as part of its broader commitment to responsible governance. The Company conducts regular evaluations of ethical and compliance risks to maintain high standards of integrity and transparency. These evaluations are supported by internal audits and risk assessments, guided by defined ethical oversight procedures. A key instrument in this process is the "Standard on the Methodology for Assessing the Anti-Corruption System." This standard outlines key directions and evaluation methods, including control measures, audit planning, reporting, decision-making, and corrective actions. Its main objectives are to ensure effective oversight of anti-corruption principles, monitor the performance of the anti-corruption system, and reduce corruption risk across the Company. The standard ensures consistent monitoring and helps identify potential weaknesses or non-compliance areas. Findings from evaluations are formally documented and used to guide improvements in internal controls. These efforts form the foundation of SOCAR's ethical risk management strategy and support continuous improvement.

SOCAR ensures ethical accountability through structured compliance programs and accessible whistleblowing mechanisms. All employees are required to confirm by own signatures their familiarity with the Code of Business Ethics and Conduct. In addition, they complete annual certifications affirming their continued commitment to the Code's principles. In 2025 SOCAR shall implement a Procedure on the Helpline and safeguards against retaliation, available to all employees and contracted staff. The Procedure shall be published on the Company's internal network and govern reporting practices and protection measures. Whistleblowing channels, including an anonymous reporting platform and a dedicated email shall be accessible via the Company's official website https://socar.az. Awareness information shall be placed alongside these resources to support user understanding. The Procedure's provisions shall also apply to contracted staff and secondees, with requirements embedded in contractual agreements. These measures shall help foster a transparent and safe environment for raising ethical concerns.

In connection with these established communication channels, SOCAR continued to receive and process grievances and reports throughout the reporting year. In 2024, a total of 23 complaints were submitted through the available platforms, including both internal and external sources. The complaints were of various types, reflecting a wide range of ethical and operational concerns. Each submission was carefully assessed in accordance with the Company's ethical risk management procedures. Investigations were conducted objectively, and individual responses were provided based on the findings. Where applicable, corrective or preventive actions were implemented to address the identified issues. These practices contribute to a culture of transparency, accountability, and ongoing ethical improvement.

Corporate Ethics, Compliance, and Anti-Corruption Training and Awareness

SOCAR implements structured training programs to promote corporate ethics, compliance, and anti-corruption awareness across all levels of the organization. All employees, including newly hired personnel, are introduced to the Company's Anti-Bribery and Corruption, Anti-Money Laundering and Crime Financing, and Anti-Tax Evasion Policy, Conflict of Interests Policy and the Code of Business Ethics and Conduct. Training sessions, conducted both in-person and remotely, explain code and policies details, procedures, and employee responsibilities. In 2024, SOCAR delivered targeted sessions aligned with the "National Action Plan for Strengthening the Fight Against Corruption for 2022–2026." These trainings followed the "Anti-Corruption Behavior Model" curriculum and engaged 621 decision-making employees. The effectiveness of the sessions was evaluated, and recommendations were issued for future program enhancements. A new work plan and expanded training efforts are scheduled for 2025, including sessions on the updated Code of Business Ethics and newly adopted compliance policies.

Report on Breaches of the Codes of Conduct

In 2024, SOCAR did not register any breaches of the Codes of Conduct.

RISK MANAGEMENT FRAMEWORK

SOCAR has implemented a comprehensive risk management system based on the integrated application of ISO 31000 and COSO standards, tailored to SOCAR's operational context and business processes. This approach enables a more effective and structured risk management process, supporting SOCAR's strategic objectives and long-term resilience. By integrating the complementary strengths of both standards, SOCAR enhances the effectiveness of each stage of the risk management cycle—from identification and assessment to analysis, monitoring, and control.

The new methodology, officially approved and implemented in 2024, strengthens SOCAR's ability to proactively manage emerging risks of various nature. Embedding a culture of risk awareness into decision-making processes reflects SOCAR's commitment to transparency, accountability, and long-term operational stability.

SOCAR maintains a robust risk management framework to ensure operational resilience across all areas of activity. Risk management activities are coordinated by the Risk Management Department (RMD) at the Head Office, which sets a unified methodology and internal reporting standards. Structural units and subsidiaries regularly submit risk reports to the Head Office (Figure 15).

To enhance process integration, the RMD cooperates with second line of defense functions, supporting risk owners in maintaining effective internal controls. This second line includes the Head Office RMD and designated risk specialists in each subsidiary. Depending on the type and nature of risks, the RMD conducts joint assessments with the Environmental, Compliance, Information Security, and Health and Safety divisions. This cross-functional approach strengthens SOCAR's ability to forecast, manage, and respond to potential risks (Figure 16).

Figure 15. Organizational Structure of Risk Management Activities

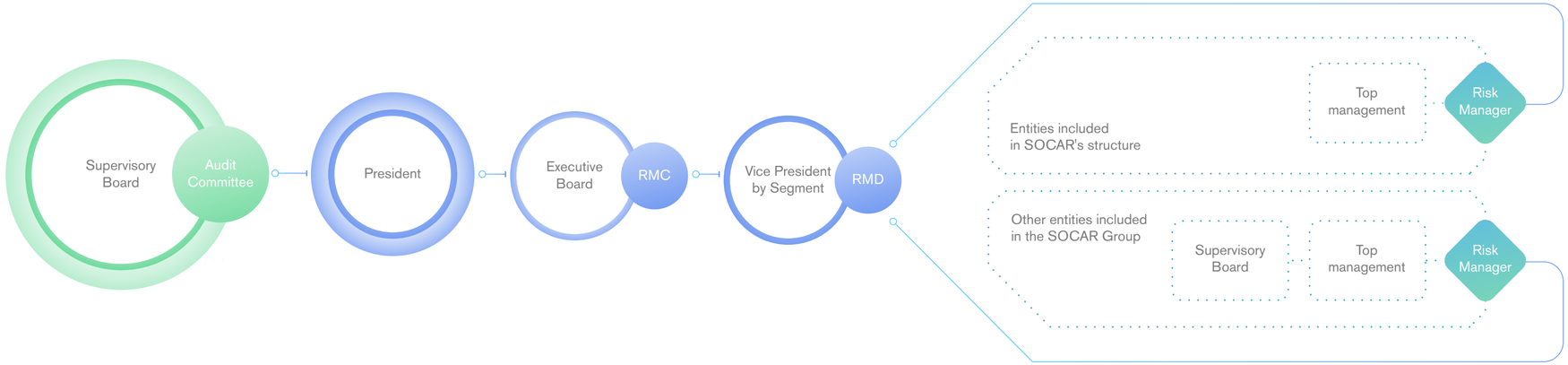
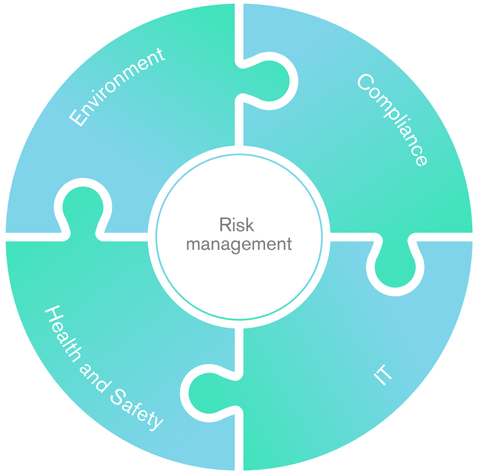


Figure 16. Functions Responsible for the Second Line of Defense in the Risk Management Process.



SOCAR has also established a structured Incident Management System, which plays a critical role within the company's risk management processes. This mechanism is designed to collect, analyze, and communicate information regarding realized risks to relevant stakeholders in a timely and accurate manner while preventing similar incidents in the future. As data on realized risks is collected, it becomes a valuable resource for future risk analyses and strategic planning. Lessons learned from incidents are systematically integrated into risk management practices, contributing to continuous improvement across operations and reinforcing the overall safety and management culture within the organization.

In order to ensure that the overall level of accepted risk remains aligned with corporate objectives, the company has developed and implemented a Risk Appetite Statement (RAS). The RAS has been defined in accordance with SOCAR's approved Corporate Strategy and the corresponding segment strategies. As part of this framework, Key Risk Indicators (KRIs) have been established, with defined warning and limit thresholds set in line with corporate goals. These KRIs are regularly monitored to provide early warning signals and ensure proactive risk management.

In accordance with key topics identified during the preparation of the sustainability report, the company integrates risk-related insights into its strategic planning processes. Data gathered during assessments is used to evaluate potential impacts on ESG objectives and long-term commitments. Regulatory and compliance risks are analyzed in line with global developments and evolving stakeholder expectations. This alignment of risk management with sustainability priorities reinforces internal accountability and strengthens stakeholder trust. As new threats such as cybersecurity and climate-related risks emerge, SOCAR continues to enhance its tools and practices to ensure timely and effective response. These efforts underline the company's commitment to transparency, sound governance, and proactive risk oversight.

Integrating Climate Risk into Risk Appetite and Strategic Planning

Integrating climate risk into SOCAR's risk appetite and strategic planning has become a critical element of the company's long-term resilience approach. A robust climate risk strategy is imperative for business continuity beyond the company's ongoing decarbonization efforts. Recognizing the growing impact of climate-related risks on financial and operational stability, external consultants were engaged to develop a company-wide climate risk management program. The assessment considered both physical and transitional risks, with particular attention given to the company's offshore and onshore operations.

The development of the program involved active internal stakeholder engagement, including structured interviews with representatives from various business units to identify key vulnerabilities and operational dependencies. Peer benchmarking and analysis of global energy sector trends were used to contextualize SOCAR's risk exposure and identify leading practices. ESG institutions and frameworks such as TCFD were reviewed to ensure alignment with investor expectations and evolving regulatory developments. Interviews with individuals responsible for different operational profiles enabled a clear understanding of climate risk relevance across upstream, midstream, and downstream segments. Based on this input, targeted response actions were defined and formalized into a group-wide climate resilience plan.

In addition, specific decisions regarding climate risk mitigation were developed and embedded into the broader risk management framework. These included scenario analysis, updated corporate risk registers, and integration into long-term strategic and financial planning. The resulting measures support SOCAR's preparedness under a range of climate scenarios, reinforcing resilience at both the asset and organizational levels. These efforts ensure that climate considerations are not treated as stand-alone concerns but are fully integrated into enterprise-wide governance and planning processes. Through this integrated approach, SOCAR aims to strengthen operational resilience, improve stakeholder transparency, and support long-term sustainable value creation. Our climate and energy transition approach is informed by the risks and related mitigation initiatives to align with SOCAR's current position.

Accidents and Unplanned Shutdowns at Processing Facilities

One of the highest-priority operational risks faced by SOCAR is the occurrence of accidents and unplanned shutdowns at its processing facilities. These incidents, which include fires, equipment malfunctions, and machinery breakdowns, can cause partial or complete halts in production operations, leading to significant operational, financial, and reputational consequences.

In 2024, SOCAR evaluated the likelihood of such incidents as almost certain, reflecting the complexity and scale of its processing activities. The potential impacts are severe, ranging from personal injuries and environmental pollution to extended downtime and financial losses. To mitigate these risks, SOCAR strictly enforces scheduled major overhauls and maintenance programs for technological equipment and promptly addresses any maintenance needs identified in production and operational sites. This proactive approach reduces the likelihood of equipment failure and operational disruptions.

SOCAR's risk appetite clearly reflects zero tolerance for any non-compliance with process safety rules or activities that could harm human health, disrupt operations, or damage the environment. This framework ensures that all risks related to accidents and shutdowns are managed with utmost diligence and precaution.

Complications and Accidents During the Drilling Process

Drilling operations present a distinct set of operational risks, including well control challenges and equipment failures that can lead to accidents and significant operational delays. In 2024, the likelihood of such complications was assessed as very high, underscoring the inherently hazardous nature of drilling activities. The potential consequences are critical, involving personnel injuries, environmental contamination, loss of assets, and financial repercussions.

To mitigate these risks, SOCAR implements rigorous operational controls. These include performing additional wellbore enlargement operations when necessary, continuously monitoring drilling fluid parameters, selecting drilling fluid density based on formation conditions, and adhering strictly to approved cementing plans. The Company also monitors circulating pressure throughout cementing operations, maintains wellbore stability via proper mud weight and additives, and minimizes differential pressure effects caused by geological variations.

SOCAR adopts a zero risk appetite for non-compliance with process safety and health procedures related to drilling. The Company requires full compliance with local laws, international best practices, and internal safety standards to ensure personnel safety and environmental protection.

Financial Risk Management

SOCAR integrates Key Risk Indicators (KRIs) into its financial incentive framework. This integration ensures that employees are encouraged not only to drive performance but to do so within the boundaries of acceptable risk, aligning individual objectives with the company's risk appetite.

Furthermore, SOCAR applies stress testing and sensitivity analysis as integral components of its financial risk management framework. These analyses assess the potential impact of market risks—including foreign exchange risk, commodity price risk, and interest rate risk—on the Group's financial performance, enabling proactive risk mitigation and financial resilience.

Risk Culture and Training

In 2025, SOCAR took a significant step to strengthen its risk culture by organizing formal training sessions fully aligned with the internationally recognized ISO 31000 Risk Management Standard. These training programs were designed not only to introduce and explain the fundamental principles of risk management but also to ensure practical understanding and application among participants. Following the sessions, a qualification examination was conducted to objectively assess the participants' comprehension and ability to implement these principles effectively within their respective roles.

Recognizing the critical role of leadership in fostering an enterprise-wide risk-aware environment, SOCAR also developed and delivered a dedicated training program specifically for senior management, including vice presidents, heads of entities, and department leaders. This executive-level training reinforced the importance of risk management integration at strategic and operational levels, promoting consistent decision-making practices that align with the company's risk appetite and sustainability objectives.

Through these initiatives, SOCAR aims to embed a strong, proactive risk culture throughout the organization, ensuring that risk awareness is not limited to compliance but is an integral part of everyday business processes. The company believes that well-informed and engaged employees, from the frontline to the boardroom, are essential to identifying emerging risks early, managing them effectively, and supporting resilient and sustainable business growth.

Risk Monitoring, Audit, and Continuous Improvement

SOCAR conducts an annual assessment of its overall risk profile and updates its risk management approach accordingly. In addition, the Company monitors mitigation actions on a quarterly basis to ensure their effectiveness across operational risks, including those related to accidents, shutdowns, and drilling complications. This regular monitoring supports timely identification of emerging risks and adaptation of risk controls.

To further ensure compliance and operational integrity, SOCAR undergoes regular external audits conducted by accredited third-party firms. These audits cover a wide range of areas, including but not limited to ISO certifications, regulatory compliance, operational integrity, and financial reporting. This rigorous audit process provides independent assurance and supports continuous improvement in SOCAR's operational resilience and risk management framework.

INNOVATION AND DIGITAL SOLUTIONS

Innovation at SOCAR begins with a clear purpose: to foster sustainable economic growth through technology and efficiency. In 2024, we reinforced this commitment by launching a value creation program across three downstream facilities, working closely with Azerigas and “Azneft” PU subsidiaries. Through focused operational improvements, the program generated a significant realized economic impact valued at more than 150 million USD , with STAR facility in Turkiye leading at 63.3 million USD and HAOR facility in Azerbaijan following closely with 59.8 million USD realized values. This initiative laid the foundation for a broader digital and technological transformation across SOCAR.

Realizing the power of data-driven decision-making, SOCAR established an integrated intermediate data platform, unifying critical information across Finance, HR, Azerigas, and other operations. This effort moved beyond basic data storage, creating a trusted, accessible source of truth that catalyzed more informed, faster, and sustainable business decisions. The platform became a springboard for scaling digital solutions and integrating advanced analytics into core operational processes.

Building upon its robust data foundation, SOCAR introduced advanced AI and analytics initiatives that rapidly began generating indirect economic value. ENOM, our linear optimization model for the Energy Network at the Carbamide plant, reduced electricity consumption, optimized steam usage, and improved reliability—delivering efficiency savings of 5.6 million AZN. Such targeted applications of technology are reshaping the energy landscape within our operations, proving the tangible benefits of digital transformation.

Our commitment to digital innovation also extends to frontline operations. Tools like the Flare Tracking System enable real-time monitoring of flare units, allowing for immediate anomaly detection and proactive response. In addition, the Advanced Seismic and Well Data Visualization Application empowers technical teams to view complex geological data in both 2D and 3D formats, significantly enhancing exploration and production decision-making speed and precision.

Our digital journey gained real momentum at our Turkish assets, Petkim and STAR, where we first tested industry-leading AI solutions. At Petkim, an AI-enabled Cracker Optimization project improved plant EBITDA by 10%, while also cutting fuel gas consumption and reducing CO_2 emissions significantly. These early successes confirmed our belief: smart digital investments create not only economic but also environmental value.

SOCAR’s achievements in Türkiye did not go unnoticed. In recognition of our leadership in applying digital technologies within heavy industries, the World Economic Forum designated Petkim as the first Digital Lighthouse in the petrochemical sector and STAR as the first in refining. These prestigious awards from Davos reflect the global acknowledgment of SOCAR’s pioneering spirit in leveraging digital solutions for operational transformation and sustainability.

To sustain this momentum, in November 2024 during COP29, SOCAR launched the Caspian AI Institute—a strategic platform to drive efficiency, sustainability, and innovation across the region. The Institute aims to connect AI expertise with real-world industrial applications, supporting SOCAR’s operations, Azerbaijan’s broader energy goals, and our partners throughout the Caspian Basin. The Caspian AI Institute represents the next phase of embedding digital intelligence across every layer of our organization.

At SOCAR Türkiye, the SOCAR R&D and Innovation Center plays a central role in fostering cutting-edge technological research. Spanning 1,200 m² with six specialized laboratories and a pilot facility, the Center has successfully executed or initiated 47 contract-based projects between 2022 and 2024. Research areas span sustainable technologies, circular economy solutions, digital transformation, and process optimization—demonstrating a comprehensive commitment to innovation.

In 2024, the SOCAR R&D and Innovation Center also secured ISO 56002 certification, becoming the first industrial entity globally to comply with this international innovation management standard. Beyond internal improvements, SOCAR Türkiye advances open innovation strategies through partnerships with universities, technology transfer offices, and EU research clusters, amplifying indirect economic impacts through cross-sectoral collaboration.

Driving the digital future of SOCAR Türkiye, the Generation D (GEN-D) Program cultivates new talent, preparing a new generation of digital experts. By 2024, the program graduated 60 participants and incorporated emerging technologies like Generative AI into its curriculum. Recognized internationally with three prestigious awards, GEN-D exemplifies SOCAR's investment in building a future-ready workforce, critical for sustaining long-term innovation and competitiveness.

Innovation at SOCAR extends beyond operational efficiency, deeply intertwining with our commitment to sustainability. At SOCAR Türkiye, one key area of climate-focused innovation is the development of sustainable aviation fuels (SAF), currently pursued through three promising pathways. These efforts include the ALGAESOL project producing microalgae-derived SAF, PCMR technology enabling direct conversion of seawater-grown algae, and in-house initiatives transforming captured CO_2 into synthetic SAF via Fischer-Tropsch synthesis—each reflecting a strong dedication to cross-sectoral decarbonization.

Environmental innovation also touches biotechnology, materials science, and carbon conversion. The BIOTECH project offers a cost-effective wastewater treatment solution tailored for the petrochemical sector, cutting chemical loads and treatment costs through advanced biotechnological methods. Simultaneously, the BIOLINK project, supported by TÜBİTAK 1509 in collaboration with Spanish producer Los Masos, focuses on biodegradable, bio-based plastic packaging that furthers circular economy objectives. Alongside these, SOCAR Türkiye advances integrated platforms to convert captured CO_2 into valuable feedstocks such as methanol, DME, and olefins, drawing on in-house expertise and academic partnerships.

The drive for operational excellence and digital innovation is evident in key initiatives like the 2024 STAR Refinery Turnaround. Here, the pioneering use of drones and robotic inspection tools helped cut down inspection times, bolster worker safety, and minimize downtime. Employing unmanned aerial vehicles and robotic systems marked a significant milestone, showcasing how Industry 4.0 technologies are redefining maintenance operations and setting new standards for safety and efficiency across the group.

Looking forward, SOCAR's vision is to embed Artificial Intelligence, Big Data, and automation deeper into every aspect of operations, from upstream exploration to downstream retail. With the successful establishment of the Caspian AI Institute and the growing capabilities of in-house digital teams, SOCAR is positioned to lead not only in the energy sector but also in industrial digitalization across the Caspian region. Our strategy is clear: use innovation not just to adapt to the energy transition but to shape it, creating resilient, efficient, and sustainable systems for the future.

SUPPLY CHAIN MANAGEMENT

Supply chain management at SOCAR is governed by a strong framework aligned with local legislation, international standards, and internal regulatory-technical documents. The company ensures operational compliance through the active involvement of the Procurement Committee, the Operations Procurement, Supply Department, and the Procurement of Services for Major Capital Projects Department. To strengthen transparency and efficiency, SOCAR has implemented advanced tools, including an “e-tender” portal, analytical assessment systems, and the “SAP” module. These mechanisms facilitate fair competition, enhance decision-making, and ensure traceable procurement processes across all projects. Regular evaluations confirm that supply chain activities meet sustainability and governance expectations in alignment with local and international standards.

In line with our commitment to strengthening supply chain governance, SOCAR has also launched targeted initiatives to enhance procurement efficiency and drive supply transformation. The company ensures operational compliance through the active involvement of the Procurement Committee, the Procurement Category Management Department, the Procurement Operational Support Department, and the Procurement Performance and Excellence Department. As part of SOCAR’s broader digitalization program, analytic assessments are planned to further optimize procurement and supply activities, recognized as one of our critical business processes. With the upcoming transition to the SAP S/4HANA system, efforts are focused on analyzing procurement data, establishing a unified supplier database, and applying category management methodologies. These initiatives aim to generate synergies among SOCAR’s subsidiaries and to strengthen procurement operations in line with global best practices. Analytical assessments will play a pivotal role in increasing transparency, efficiency, and sustainability across the supply chain. In the following section, we present how these digital and operational advancements contribute to broader corporate sustainability goals

Conducting analytical assessments will create opportunities to achieve the following improvements in the future:

- Obtaining accurate data to enable the implementation of category management;
- Preparing for the cleansing of the master data system;
- Analyzing previous expenditures and order volumes to optimize procurement activities and reduce unnecessary costs;
- Managing inventories more accurately and efficiently;
- Managing supplier performance based on various metrics such as delivery times, quality, and compliance;
- Managing potential risks in the supply chain through data analysis (e.g., supplier reliability, market fluctuations);
- Improving forecasting and planning of enterprises’ strategic future needs by analyzing data and market trends;
- Optimizing procurement processes.

To ensure production continuity and meet demand for oil and gas products, SOCAR has established integrated logistics and supply systems. The company’s supply operations are based on the principles of applying efficient procedures, optimizing financial resources, and ensuring the timely procurement of goods, materials, and services at high-quality standards. These systems are designed to function cohesively, combining operational speed with reliability to support uninterrupted production cycles. Emphasis is placed on aligning supply chain efficiency with overall business resilience, particularly in mission-critical sectors such as upstream and downstream operations. The integration of quality, timeliness, and cost-efficiency remains central to SOCAR’s procurement philosophy. By maintaining this balance, SOCAR strengthens its ability to respond to dynamic market demands while minimizing operational risks.

Ensuring supply chain sustainability

Building on these operational foundations, SOCAR also emphasizes transparency, environmental responsibility, and safety across all procurement operations. The supply system is structured to generate positive economic, social, and environmental impacts in the regions where SOCAR operates. Ensuring that every supplier aligns with SOCAR’s core values, ethical standards, and principles is a key priority, and these requirements extend equally to joint ventures. Procurement procedures are designed to uphold integrity and sustainability from the initial tender phase through to contract execution. Third-party performance is regularly assessed during the tender and contracting processes to ensure alignment with corporate expectations. SOCAR’s relationships with counterparties are governed by its Procurement Policy documents, the Anti-Corruption Standards, and the Due Diligence Standard on Third Parties. These controls support the integrity of our supply chain and reflect our broader governance and sustainability commitments.

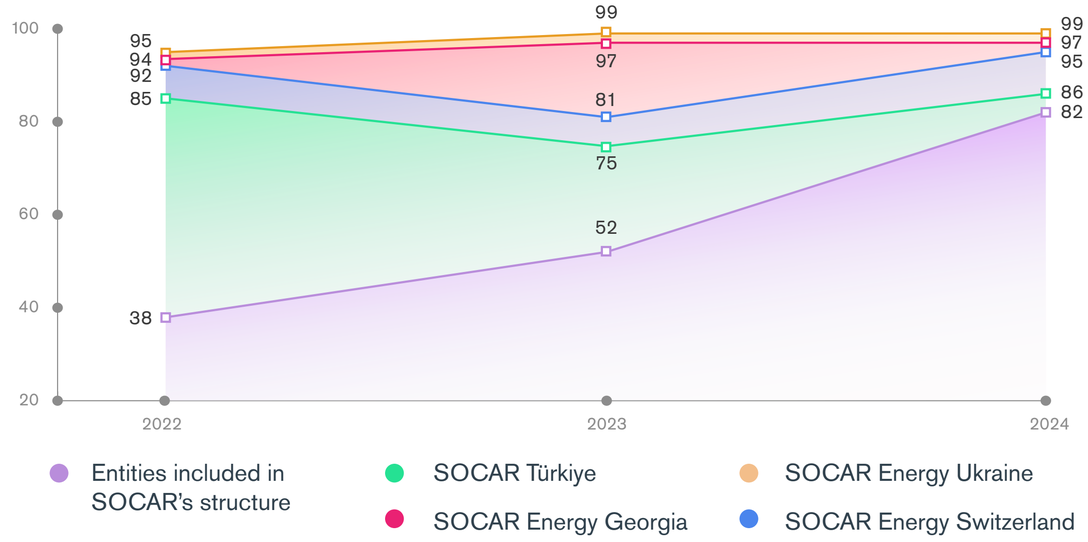
To further reinforce transparency and risk control, SOCAR has implemented a structured Pre-Qualification Procedure, developed in alignment with its procurement regulatory documents and internal guidelines. This procedure ensures the objective evaluation of suppliers based on key criteria, including operational risks, environmental and social performance, execution capabilities, quality assurance systems, and technical expertise. . The evaluation also considers suppliers’ innovative capacity, availability of resources such as equipment, materials, and personnel, as well as their occupational health and safety (OHS) practices.

Support for local suppliers

SOCAR contributes to the economic development of various sectors in Azerbaijan by prioritizing local companies in the procurement of required goods, materials, and services. This approach supports the growth of the national supply base while fostering local employment and industrial capacity. Preference for domestic suppliers is integrated into procurement planning and vendor selection processes. Through this commitment, SOCAR not only strengthens its supply chain resilience but also enhances its socio-economic impact in the regions where it operates. This local content strategy is aligned with broader national development goals and ESG priorities.

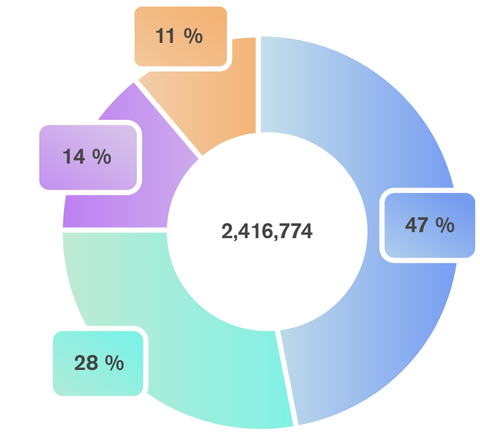
In 2024, total supply-related expenditures across SOCAR's subsidiaries amounted to total 5,487 million AZN. Of this amount, 2,417 million AZN was allocated for the procurement of goods and materials, while 3,071 million AZN was spent on services. A significant share—4,490,696 AZN—was directed to local suppliers, reflecting SOCAR's commitment to supporting domestic businesses. This procurement distribution highlights the scale and diversity of SOCAR's operational needs across the value chain. It also demonstrates the company's continued emphasis on local content and economic contribution.

Figure 17 The ratio of spending to local suppliers by SOCAR Group in 2022–2024 (%)



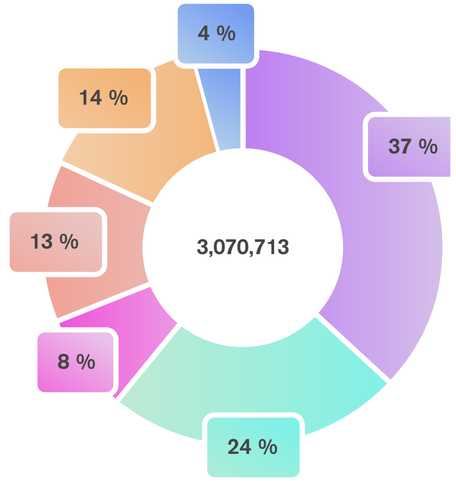
The information for SOCAR Türkiye was updated due to new company groupings and data provision approach

Figure 18. Key directions of purchase of goods and materials in SOCAR (Azerbaijan) 2024, %



- Purchase of raw materials: 1,129,155
- Purchase of material reserves: 678,959
- Purchase and improvement of key assets: 338,132
- Other: 270,528

Figure 19. Key directions of procurement of services in SOCAR (Azerbaijan) in 2024, thousand AZN



- Services for capital repair of key assets (funds): 119,286
- Other services on operational activities: 1,137,558
- Transportation services: 750,718
- Security services: 242,220
- Insurance services: 402,948
- Other: 417,982

Supplier Monitoring and Screening

SOCAR has established diligent supplier assessment and product acceptance processes.

SOCAR annually establishes KPIs to evaluate the performance of our goods and service providers. These KPIs include dimensions such as quality, delivery, health and safety compliance, and environmental impact. Monitoring is conducted throughout the year, and results are reported to relevant stakeholders to ensure transparency and continuous supplier development.

Detailed supplier screening process highlighted below:

1. Supplier Screening Process

The supplier screening process at SOCAR is conducted in accordance with the Instruction on the Organization and Management of Pre-Qualification (SOCAR-TCH-TMT-002). This process aims to ensure that suppliers meet the company's requirements, reliability standards, and comply with applicable industry standards.

The pre-qualification process includes evaluation criteria across six key areas:

- Finance: Assessing the supplier's financial stability, solvency, and risk levels.
- Compliance and legal: Ensuring adherence to legal requirements, ethical standards, and internal company policies.
- Experience: The supplier's experience is assessed based on participation in previous projects in the relevant field, the scale and quality of completed work.
- Quality: Verifying that the supplier's products and services meet established quality standards.
- Health and Occupational Safety: Implementation of occupational health and safety measures.
- Environmental Protection: Compliance with environmental regulations and application of sustainable development principles.

2. Tools

The questionnaires used during the pre-qualification process vary according to risk levels. Materials and services are categorized as high, medium, or low risk based on their criticality.

Accordingly, six different questionnaires have been developed to match the specific risk requirements. These questionnaires contain two types of questions:

- Scored Questions: The number of these questions depends on the risk level and they are rated on a scale of 0 to 3 points. In some cases, a "Not Applicable (N/A)" option is provided. These questions are designed to assess the supplier's performance in various areas.
- Mandatory Questions: The quantity of mandatory questions also varies based on risk level. If a mandatory question receives an unsatisfactory answer, the supplier is immediately disqualified without further evaluation of subsequent questions.

3. Evaluation

Suppliers who successfully pass the pre-qualification process—achieving at least 50% of the maximum possible score and providing satisfactory answers to all mandatory questions—may be included in SOCAR's Approved Vendor List.

Additionally, site visits may be conducted as part of the evaluation process, especially for suppliers classified in the high-risk category, to verify their actual operational practices.

Suppliers are subject to periodic re-evaluation according to the following schedule:

- High-risk group – no later than every 2 years;
- Medium-risk group – no later than every 3 years;
- Low-risk group – as needed.

The supplier assessment and development process is structured to support ESG objectives. Each year, suppliers are evaluated based on established KPIs, which reflect both operational and sustainability performance. Suppliers with performance gaps are engaged through targeted development actions, including capacity building and follow-up evaluations. This process reinforces our commitment to responsible sourcing and continuous improvement across the supply chain.

Table 3. Supplier screening

Target Description	Application of pre-qualification processes organized for the inclusion of suppliers in SOCAR's "List of Approved Suppliers"	Execution of necessary measures related to the improvement of pre-qualification processes
Did Not Meet Target	0-80 Vendors	0%-50%
Partially Met Target	81-100 Vendors	51%-60%
Met Target	101-120 Vendors	61%-80%
Exceeded Target	121-150 Vendors	81%-90%
Exceptional Performance	151-200 Vendors	91%-100%

MINIMIZING ENVIRONMENTAL IMPACT

ENVIRONMENTAL STEWARDSHIP

Minimizing environmental impact remains a core pillar of SOCAR's sustainability program, guided by the Environmental Protection Statement endorsed by the company's President. This document, publicly available on SOCAR's official website, outlines strategic goals including decarbonization, resource and energy efficiency, and the integration of green technologies. It affirms the company's dedication to safeguarding ecosystems and reducing the adverse effects of industrial activity. These guiding principles shape our approach to energy transition, decarbonization and environmental protection.

SOCAR's climate program integrates energy efficiency, renewable energy development, and carbon reduction targets. As part of this transition, SOCAR is investing in low-carbon technologies and optimizing operations to reduce Scope 1 and 2 emissions. The company's focus on energy efficiency also includes the modernization of refining and petrochemical assets, contributing to measurable emission reductions. This holistic approach ensures climate resilience and positions SOCAR as a proactive actor in the global energy transition.

SOCAR continues to implement environmental initiatives that support biodiversity preservation, waste minimization, and sustainable resource use. The company's environmental management system is designed to monitor environmental risks and reduce operational footprints across all assets. These measures reinforce our long-term objective: to operate responsibly and build resilience in a changing climate.

In 2024 ETED Segment has conducted assessment of company environmental aspects and impacts across its operations, identified key environmental risk areas, and implemented assurance processes for activities with significant potential impact.

SOCAR'S CLIMATE ADAPTATION STRATEGIES AND TRANSITION PLANS

SOCAR's vision is to transform itself into National Energy Company, providing affordable, secure and sustainable energy globally. SOCAR aims to decarbonize the core of its operations via the program launched in January 2024 within all SOCAR assets covering 9 main levers.

- Carbon Capture and Utilization (CCU) units to convert CO2 into products at chemical assets
- Energy efficiency programs
- Deflaring in Downstream
- Substitution of Scope 2 with renewable energy
- Biogas production to replace fossil fuels
- Electrification of equipment
- Methane abatement program / Leak detection and repair (LDAR)
- Carbon Capture, Utilization and Storage (CCUS)
- Offsetting

These efforts reflect a structured approach to emissions mitigation and establish the foundation for SOCAR's low-carbon transition strategy.

In 2024, SOCAR Green signed shareholder agreements with the UAE's Masdar to develop three renewable energy projects with a total capacity of 1 GW. These include solar power plants in Bilasuvar (445 MW) and Neftchala (315 MW), and an onshore wind farm in Absheron-Garadagh (240 MW). These projects support Azerbaijan's goal of achieving 30 percent installed capacity from renewable energy sources by 2030, with SOCAR playing an active role in advancing this national target. Together, these facilities are expected to generate 2.3 TWh of clean electricity annually—enough to power over 765,000 households—while reducing nearly 943,000 tonnes of CO_2 emissions.

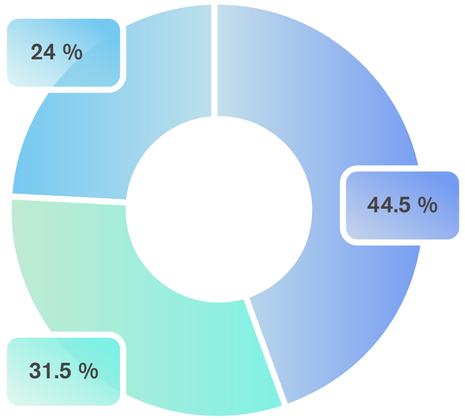
In collaboration with bp, SOCAR is advancing the Shafaq Solar Power Plant, a 240 MW project in Jabrayil. The project is designed to electrify the largest in the region Sangachal oil and gas terminal by "Virtual Power Transfer Arrangement" mechanism. As the largest foreign investment in Azerbaijan's liberated territories, this project exemplifies the integration of innovation, green recovery, and private sector leadership in post-conflict areas.

The Shafaq project marks a strategic milestone in decarbonizing SOCAR's operational infrastructure while contributing to national climate goals.

In 2024, SOCAR adopted its official decarbonization program, approved by presidential directive, reinforcing its long-term mitigation actions.

The program includes the deployment of energy-efficient and eco-friendly technologies, broader use of renewables, reduction of technological losses, carbon intensity reduction, and sustainable transport practices. Implementation began across all SOCAR entities and includes practical actions like flaring gas capture, efficient lighting systems, reforestation, and fuel switching in logistics.

Figure 20. SOCAR – MASDAR Partnership Project Breakdown (%/GW) in Azerbaijan



Bilasuvar Solar Plant	**445 MW**
Neftchala Solar Plant	**315 MW**
Absheron–Garadagh Wind Plant	**240 MW**

Climate and Sustainability – LightHouse Program

To support long-term emissions reduction, SOCAR launched the Climate and Sustainability – LightHouse program in 2023 in partnership with BCG. This two-year initiative is focused on accelerating decarbonization across SOCAR's operations. This large-scale initiative aims to support SOCAR's Net Zero 2050 ambition by enhancing sustainability across all operations, developing low-carbon business models, implementing digital tools, and driving ecological improvements.

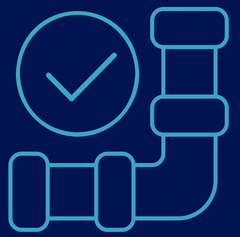
- Key focus areas of the initiative include:
- Implementation of a decarbonization program;
- Development of Scope 1 and Scope 2 inventories;
- Deployment of leak detection programs;
- Creation of a Methane AI platform and integration of climate ratings;
- Water and waste management strategies;
- Exploration of low-carbon business opportunities, supporting the company's resilience and alignment with global transition pathways.

SOCAR Decarbonization Program

SOCAR's Low Carbon Development Roadmap focuses mainly on the following mitigation actions:

Improving energy efficiency and using clean technologies

Using alternative and renewable energy



Eliminating sources of gas leakage

Reducing associated gas emissions

Improving measurement and reporting capabilities of GHG emissions

GHG EMISSIONS MEASUREMENT METHODOLOGY

In 2024, SOCAR advanced its environmental governance by integrating a monthly greenhouse gas (GHG) reporting system into its overarching emissions management framework. This expansion now encompasses all operational divisions and affiliated entities, enabling systematic monitoring, verification, and reporting of GHG emissions across all activities. The newly implemented process significantly reduced manual errors and incorporated updated conversion factors and methodologies, thereby enhancing the accuracy and consistency of emissions data.

In Azerbaijan, data precision was further strengthened through the deployment of advanced technologies, including drones and satellite-based systems. These innovations allowed for the identification of previously undetected emission sources and more accurate mapping of potential emission hotspots.

SOCAR's Scope 1 emissions, derived from direct operations, predominantly stemmed from upstream oil and gas extraction, midstream transportation and export, and downstream refining and petrochemical activities. Among these, upstream operations remained the most significant source of emissions.

Scope 2 emissions, which include indirect emissions from purchased electricity, declined due to enhanced energy efficiency measures implemented across several industrial sites. In Azerbaijan, primary contributors to Scope 2 emissions included the Heydar Aliyev Oil Refinery, "Azerikimya" Production Unit, and the Carbamide Plant—facilities characterized by high electricity demand in energy-intensive processes. Segment-level analysis underscores the carbon-intensive profile of refining and petrochemical operations, reinforcing the need for targeted decarbonization strategies in downstream sectors to support SOCAR's broader transition agenda.

To further align with global emission management practices, SOCAR introduced a carbon intensity indicator for upstream operations, measured as kilograms of CO_2 equivalent per barrel of oil equivalent (kg CO_2e/bbl). In 2024, this metric was recorded at 61.57 kg CO_2e/bbl, based on total hydrocarbon output. This benchmark facilitates internal performance tracking and supports the company's long-term roadmap for emissions reduction and climate resilience.

While Scope 3 emissions—covering indirect emissions across SOCAR's value chain—are not yet quantified, the company recognizes their strategic importance. Preparatory work is underway to develop a comprehensive Scope 3 inventory. This initiative reflects SOCAR's dedication to full-spectrum climate disclosure and alignment with international sustainability reporting standards.

GHG EMISSIONS

In 2024, SOCAR enhanced its environmental accountability by integrating a monthly greenhouse gas (GHG) reporting system into its existing reporting process across all operational segments and affiliated entities. This system enables the consistent tracking and verification of GHG emissions from upstream, midstream, and downstream activities, as well as from electricity and steam generation and ancillary services. As a result, emission data are now regularly collected, analyzed, and compared across the organization, improving transparency and supporting informed decision-making.

SOCAR's total GHG emissions in 2024 reached 10,509.1 thousand tonnes of CO_2 equivalent, representing a 26% increase compared to 2023. This rise is attributed not to higher emissions from expanded activities but to enhanced accuracy in data collection through the use of advanced technologies, including drones and satellites. These tools allowed the company to detect previously unmonitored sources and better quantify potential emission hotspots.

Scope 1 emissions accounted for 9,590.5 thousand tonnes of CO_2 equivalent in 2024. These emissions primarily originate from oil and gas production (upstream), transportation and export (midstream), and refining and petrochemicals (downstream). The upstream segment was the largest contributor, responsible for 5,878.2 thousand tonnes, reflecting the scale of SOCAR's extraction operations.

Scope 2 emissions amounted to 918.6 thousand tonnes of CO_2 equivalent in 2024. This marks a decrease from 2023, due in part to improved energy efficiency initiatives across multiple facilities.

Segment-specific analysis reveals that the upstream segment produced 5,878.2 thousand tonnes of CO_2 equivalent, followed by downstream 3,765.7, midstream 793.3 and service functions 72.0. These figures underline the carbon-intensive nature of refining and petrochemical operations and demonstrate the importance of targeted decarbonization efforts in downstream activities to meet SOCAR's transition goals.

Although Scope 3 emissions—indirect emissions across the value chain—are not yet measured, Although Scope 3 emissions—indirect emissions across the value chain—are not yet measured, SOCAR acknowledges their importance and is taking preparatory steps to establish a robust Scope 3 inventory. This future expansion reflects SOCAR's commitment to comprehensive climate disclosure and alignment with international best practices in sustainability reporting.

Figure 21. GHG emissions by countries in 2024, thousand tonnes CO_2-eq

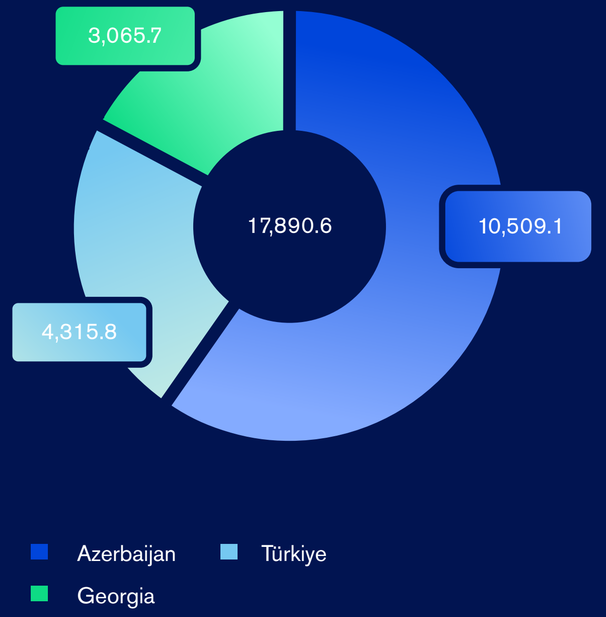


Figure 22. GHG emissions at SOCAR (Azerbaijan) by segments in 2024, thousand tonnes CO2-eq

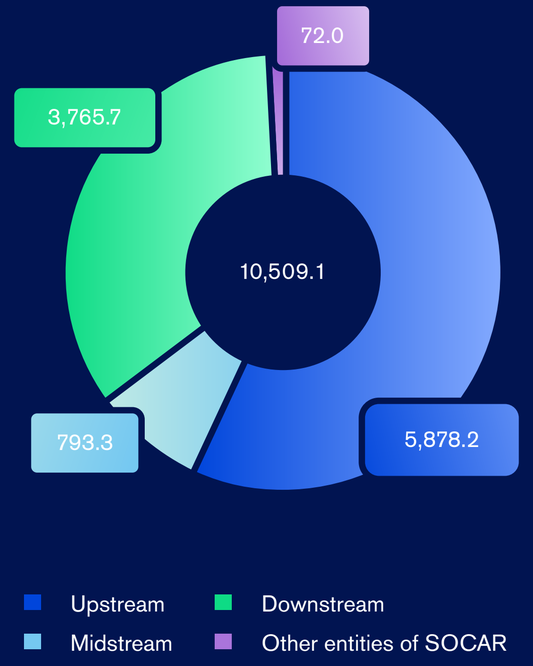


Figure 23. GHG emissions at SOCAR Group in 2022-2024, thousand tonnes CO_2-eq

- Scope 1 emissions
- Scope 2 emissions

[1] GHG emissions figures recorded for SOCAR Georgia in 2023 and 2024 have been updated to include SGG and SGP for an extended scope of reporting.

REDUCTION INITIATIVES, TECHNOLOGIES AND INVESTMENTS

As part of its commitment to reduce greenhouse gas (GHG) emissions, SOCAR, in collaboration with bp, supported the implementation of the Advancing Global Methane Reduction (AGMR) initiative - a flagship program under the Methane Guiding Principles (MGP). AGMR aims to reduce methane emissions in the oil and gas sector by promoting best practices, facilitating knowledge sharing, enhancing monitoring and reporting, and the adoption of advanced technologies. In April 2024, joint site visits to the Oil Rocks production platform and the Sangachal Terminal facilitated knowledge-sharing on methane monitoring and abatement. Participants, including representatives from UNEP, OGCI, and bp, reviewed SOCAR's implementation of the Leak Detection and Repair (LDAR) program and observed cutting-edge methane monitoring tools in operation.

SOCAR's technological advancement in emissions management is exemplified by the Methane AI Management Platform developed within the framework of Caspian AI Institute together with BCG. The platform is a one stop solution for all methane-related activities, designed to track methane emissions, report according to global standards and enable abatement activities.

Key Pillars of the Methane AI Platform:

- Ensure transparent and verifiable methane emissions disclosure by aligning with internationally recognized reporting frameworks such as OGMP 2.0
- Estimate emissions based on combination of measurements, calculations and extrapolations to enable the most precise estimation possible and informed decision-making
- Deploy advanced monitoring dashboards to track emissions and be able to quickly react to detections by leveraging heatmap with precise coordinates of sources
- Create by-asset abatement curves and a strategic roadmap to systematically reduce emissions and optimize mitigation efforts
- Enable operational interventions and conduct root cause analysis to identify emission sources, enhance process efficiency and assign reduction measures to teams

SOCAR has expanded its methane monitoring capabilities by leveraging GHGSat's satellite technology to measure methane emissions across its assets. GHGSAT's state-of-the-art satellites allowed to capture detailed snapshots of large areas, providing SOCAR with precise measurements of methane emissions from space. By integrating satellite-based monitoring into its emissions management strategy, SOCAR gained detailed and timely insights into the volume and distributions of methane emissions. These insights enabled more targeted, data-driven responses and supported the development of effective mitigation measures across operational sites. This data-driven approach enables SOCAR to prioritize mitigation actions and strengthen its climate adaptation strategy.

Drone-based methane detection has also been advanced through a pilot with Total Energies using AUSEA technology. This lightweight airborne spectrometer identifies both concentration and sources of emissions, delivering precise results even in hard-to-access areas. Tests conducted in the Caspian Sea and SOCAR production facilities validated the tool's effectiveness, contributing to enhanced operational transparency and emissions control.

Further accelerating methane reduction, SOCAR initiated a pilot project with Italgas using Picarro-equipped vehicles to identify leaks across the Azerigas distribution network. This mobile monitoring system allows for continuous, data-rich methane leak detection, enabling timely intervention and emission mitigation. The technology supports enhanced network efficiency and environmental performance.

To improve transparency and data reliability, SOCAR is advancing the integration of a digital Monitoring, Reporting and Verification (MRV) system for environmental disclosures. This system will reduce human error, automates reporting workflows, and enhances tracking of key environmental performance indicators (KPIs). Once implemented, it will support accurate emissions reporting and compliance with relevant legislative requirements as well as internationally accepted standards and practices..

In the upstream segment, SOCAR has launched a project to quantify and reduce fugitive emissions using thermal imaging and repair activities under the Upstream Emission Reduction (UER) framework. Initial assessments at Neft Dashları identified high-impact sources, including valves and pipe joints. Resulting repairs prevented gas losses and allowed for carbon credit certification, creating both environmental and financial value.

ENERGY

SOCAR is advancing its energy transition by prioritizing the development of renewable energy sources across domestic and international operations. In 2024, SOCAR Green signed shareholder agreements with Masdar for three utility-scale renewable projects with a combined capacity of 1,000 MW, including solar plants in Bilasuvar (445 MW) and Neftchala (315 MW), and a wind power plant in Absheron-Garadagh (240 MW). Together, these facilities are expected to generate 2.3 TWh of clean electricity annually—enough to power over 765,000 households—while reducing natural gas consumption by over 496 million m^3 and avoiding nearly 943,000 tonnes of CO_2 emissions. These initiatives support Azerbaijan's aim to increase the share of renewable energy in its installed power capacity to 30% by 2030.

Through collaboration with bp, SOCAR is developing the Shafaq Solar Power Plant (240 MW) in the Jabrayil district, integrating a Virtual Power Transfer Mechanism to supply green electricity to the Sangachal Terminal. With an area of over 800 hectares, this project represents the largest foreign investment in a solar energy project in Azerbaijan's liberated territories. The initiative is backed by an investment and land lease agreement signed in November 2024, reaffirming the project's long-term viability and contribution to grid decarbonization. This project reinforces SOCAR's role as a facilitator of sustainable transition with a stable, climate-aligned infrastructure.

In pursuit of geographic and technological diversification, SOCAR has extended its renewable development efforts through partnerships with Chinese energy companies. The Fuzuli Solar Power Plant, developed in cooperation with China Energy Overseas Investment Co., will have a capacity of 160 MW and span 482 hectares. Formalized through a Joint Development Agreement in November 2024, the project will benefit from technical, financial, and operational collaboration to ensure its effective deployment. Additional Memorandums of Understanding were signed with China Datang and PowerChina to scale future renewable energy projects, solidifying SOCAR's role in cross-border green energy integration.

SOCAR has initiated a major collaboration to develop 3.5 GW of capacity in the Caspian Sea. On 13 November 2024, SOCAR Green, Masdar, and ACWA Power signed a Memorandum of Understanding to jointly assess and develop offshore wind generation in Azerbaijan's sector of the Caspian Sea. The agreement includes the establishment of a working group, preliminary feasibility studies, and project financing frameworks. The initiative is aligned with emphasis on increasing renewable energy supply and supports Azerbaijan's vision for a sustainable blue economy. Offshore wind represents a strategic next step in SOCAR's renewable energy expansion, further strengthening its energy transition roadmap.

SOCAR Green also launched geothermal exploration efforts in cooperation with Baker Hughes and SLB. Initial studies are focused on regions with high geothermal potential, including Lankaran, Masalli, Lachin, and Kalbajar. These collaborations aim to assess the viability of hydrothermal resources and enhanced geothermal systems, supported by signed cooperation agreements during COP29. The studies will also evaluate cost-efficiency and practical recommendations for electricity production and direct-use applications.

SOCAR is conducting comprehensive assessments of low-carbon business opportunities to support a resilient and diversified energy portfolio. Last year, SOCAR has completed the first phase of evaluating biochar, biogas, and other bio-based solutions. The second phase will focus on detailed analysis of technological feasibility, cost efficiency, and integration potential into current operations. This initiative is aligned with SOCAR's ambition to lead in circular economy practices and green innovation in the oil and gas sector.

In partnership with Azerbaijan's State Water Resources Agency, SOCAR is implementing diagnostics and technical assessments to reduce energy consumption in water resource management. The partnership includes the development of a renewable energy roadmap for the sector, aligning with GRI 302-4 guidelines on energy efficiency improvements. This cross-sectoral initiative enhances resource optimization and paves the way for decentralized energy applications in public utilities.

Table 4. Electricity consumption at SOCAR Group in 2022-2024 years, thousand kWh

	2022	2023	2024
For SOCAR, total,	2,708,321	2,871,191	2,671,649
SOCAR (Azerbaijan)	1,202,879	1,295,521	1,288,334
SOCAR Türkiye	1,455,071	1,527,862	1,335,102
SOCAR Energy Georgia	31,369	27,584	27,803
SOCAR Energy Ukraine	8,989	10,448	10,634
SOCAR Energy Switzerland	10,013	9,776	9,775
SOCAR Energy Austria		3,936	2,469

Table 5. Electricity intensity ratio at SOCAR Group in 2022-2024 years, per employee

	2022	2023	2024
SOCAR (Azerbaijan)	25.04	26.8	26.8
SOCAR Türkiye	279.3	277.3	234.7
SOCAR Energy Georgia	6.4	6.8	6.4
SOCAR Energy Ukraine	5.2	5.8	6.0
SOCAR Energy Switzerland	12.8	12.0	12.1
SOCAR Energy Austria		19.7	11.9

Table 6. Fuel consumption at SOCAR Group in 2022-2024 years

	2022	2023	2024
SOCAR (Azerbaijan)			
Gasoline, tonnes	6,233	5,985	5,731
Diesel, tonnes	31,403	27,131	25,954
Natural gas, thousand m³	1,303,360	1,665,528	1,742,423
SOCAR Türkiye			
Gasoline, tonnes	0	46.8	49.7
Diesel, tonnes	985.6	1,287	1,357
Natural gas, thousand m³	662,123	567,713	625,535
SOCAR Energy Georgia			
Gasoline, tonnes	465	336	343
Diesel, tonnes	478	559	587
Natural gas, thousand m³	9.6	1.5	4.0
SOCAR Energy Ukraine			
Gasoline, tonnes	135	218	134
Diesel, tonnes	193	279	257
Natural gas, thousand m³	16.4	9.5	9.7

WATER MANAGEMENT

Water Management at SOCAR

SOCAR is committed to responsible water management across its entire value chain, prioritizing the reduction of water-related environmental impacts. To advance this objective, we conducted a comprehensive assessment of water withdrawal, use, and discharge processes across all operational assets. This review enabled us to forecast water demand, evaluate the technical capacity of water sources, and explore opportunities to increase water reuse.

Building on these insights, SOCAR developed a centralized and structured water management procedure to ensure efficient stewardship of water resources. This procedure defines clear internal responsibilities and is aligned with both national legislation and GRI 303 standards. As part of our “Climate and Sustainability – Lighthouse” program, a centralized water management system was established, and 2022 was set as the baseline year for key water metrics. The system will be supported by a new water reporting tool, set for implementation from 2025.

Water Use Efficiency and Performance

SOCAR continues to implement water efficiency and pollution prevention measures to safeguard water resources. In 2024, total water withdrawal across SOCAR's domestic operations decreased to 56 m3 compared to 57.8 million m³ in 2023. This decrease reflects ongoing improvements in water use efficiency and our commitment to sustainable resource management across operations.

We prioritize innovative approaches in new projects to reduce water demand, including closed-loop systems and low-consumption technologies. These efforts contribute directly to minimizing our freshwater dependency and mitigating local water stress.

Produced Water Management and Environmental Safeguards

Since 2010, SOCAR has implemented environmentally responsible practices for managing produced water, preventing its discharge into the environment. Our approach centers on re-injection and reuse following initial treatment, thereby reducing environmental risks and supporting circular water use. In 2024, a total of 25.2 million m³ of produced water was managed, with 6.7 million m³ from Azneft and 18.4 million m³ from our partner-operated ventures. These figures represent a sustained commitment to closed-system water handling and enhanced subsurface reinjection, aligned with industry best practices and regulatory standards.

Table 7. Water withdrawal of SOCAR Group in 2022-2024 years, million m³

	2022	2023	2024
SOCAR (Azerbaijan)	56.91	57.84	56.03
SOCAR Türkiye	24.87	23.12	21.98
SOCAR Energy Georgia	0.14	0.13	0.12
SOCAR Energy Ukraine	0.08	0.10	0.10

Table 8. SOCAR Group's water intensity ratio for 2022–2024 (thousand m³ of water withdrawal per employee)

	2022	2023	2024
SOCAR (Azerbaijan)	1.18	1.2	1.17
SOCAR Türkiye	4.77	4.20	3.86
SOCAR Energy Georgia	0.03	0.03	0.03
SOCAR Energy Ukraine	0.05	0.06	0.06

Table 9. Produced water by SOCAR (Azerbaijan) in 2022–2024, thousand m³

	2022	2023	2024
“Azneft” PU	6,122.5	6,149.9	6,724.5
Operation Companies	17,028.2	18,605.1	18,431.5
Total	23,120.4	24,755	25,156

Table 10. Wastewater management at SOCAR Group in 2022-2024, m³

	2022	2023	2024
SOCAR (Azerbaijan)			
The volume of generated wastewater	7,652,450	8,283,706	8,531,817
The volume of wastewater discharged without treatment, including:	283,495	244,492	546,937
Onto soil	7,898	123,525	239,379
Into the water	275,597	120,967	307,558
The volume of wastewater discharged after treatment	7,368,955	8,039,214	7,984,880
SOCAR Türkiye			
The volume of generated wastewater	12,132,534	10,552,998	9,667,478
The volume of wastewater discharged without treatment	12,504	15,662	13,583
The volume of wastewater discharged after treatment	12,120,660	10,537,336	9,648,550

Table 11. Water used in the closed system during the production process at SOCAR (Azerbaijan) in 2022–2024, million. m³

	2022	2023	2024
Recycled water	281.5	274.2	310.8
Reused water	1.2	0.01	0.56

MATERIAL USE, WASTE & CIRCULARITY

Material Use, Waste and Circularity at SOCAR

SOCAR applies a structured, resource-efficient approach to material use and waste management, aligning with circular economy principles and environmental performance targets. In 2024, the company enhanced its centralized waste management model and optimized waste recycling infrastructure. These efforts involved analyzing major waste streams and developing efficient reuse strategies.

These improvements are supported by the integration of the “SAP SAP S/4HANA for EHS (Environment, Health & Safety) - Waste Management” module into the company’s ERP (Enterprise Resource Planning) system, enabling more accurate tracking and reporting of waste data. In 2024, SOCAR facilities generated approximately 96.3 thousand tonnes of hazardous waste and 64.6 thousand tonnes of non-hazardous waste. Reuse rates also increased, with 1.2 thousand tonnes of hazardous waste processed for secondary use.

SOCAR’s environmental policy encompasses extensive commitments dedicated to sustainable management of natural resources and raw materials. A key element of this policy is enhancing relations and cooperation with stakeholders to achieve commitments aimed at increasing the efficiency and sustainable management of natural resources and raw material use.

Operational Waste Handling and Circularity in Practice

Through its Waste Management Centre (TİEM), SOCAR ensures safe and efficient handling of industrial waste streams with modern infrastructure and specialized expertise. In 2024, TİEM processed 29,919.8 tonnes of drilling waste, 17,007.3 tonnes of production sludge, and 2,618.1 tonnes of operational waste. Notably, 93% of plastic waste and 71% of paper waste accepted by TİEM were recycled through certified third parties, reinforcing the company’s commitment to resource circularity.

TİEM’s role in the waste management value chain supports compliance with national environmental regulations and GRI 306 guidelines. It also strengthens SOCAR’s broader sustainability objectives by reducing landfill reliance and enhancing material recovery from waste.

Asset Integrity and Spill Prevention

SOCAR prioritizes the prevention and management of oil spills as part of its commitment to environmental protection and operational safety. Under the “Climate and Sustainability – LightHouse” program, a comprehensive diagnostic review of infrastructure—including pipelines, tanks, and storage systems—was conducted with international consultants. This assessment helped identify high-risk areas and plan timely mitigation measures.

A dedicated “Oil Spill Management Plan” was developed and deployed across onshore and offshore operations in the Azerbaijani sector of the Caspian Sea. This plan ensures prompt and effective responses to incidents, minimizing risks to both ecosystems and human health.

Figure 24.
Generated waste at SOCAR (Azerbaijan), thousand tonnes[1]

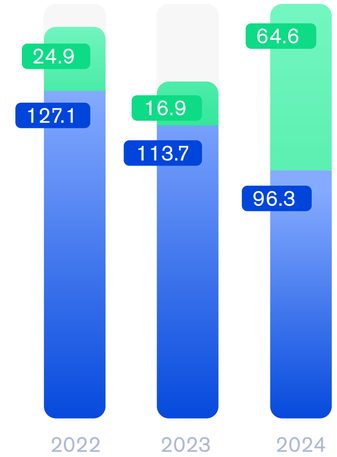
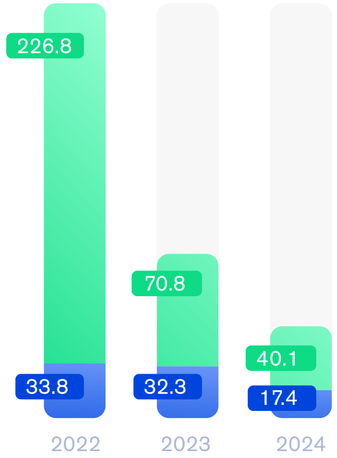


Figure 25.
Generated waste at SOCAR Türkiye, thousand tonnes[2]



[1] The amount of hazardous and non-hazardous waste generated at SOCAR’s entities in Azerbaijan in 2024 differ from previous year records due to the new classification methodology applied for waste categorization.

[2] Total amount of generated non-hazardous waste across SOCAR Türkiye has significantly decreased in 2024 due to the finalization of the construction project on site at Petkim, resulting in the lower amount of debris recorded

AIR QUALITY

SOCAR monitors air quality by regularly tracking and reporting emissions across its operations. The company analyzes this data to ensure transparency and meet national environmental standards. Results are submitted annually to government authorities, reflecting SOCAR's commitment to compliance with legal requirements and to responsible environmental oversight.

As part of its envorimental program, SOCAR maintains a central emissions database for long-term analysis and identifying improvement areas. This approach helps assess environmental impact and align monitoring with international standards.

Figure 26. SOCAR Group air emissions for 2022-2024

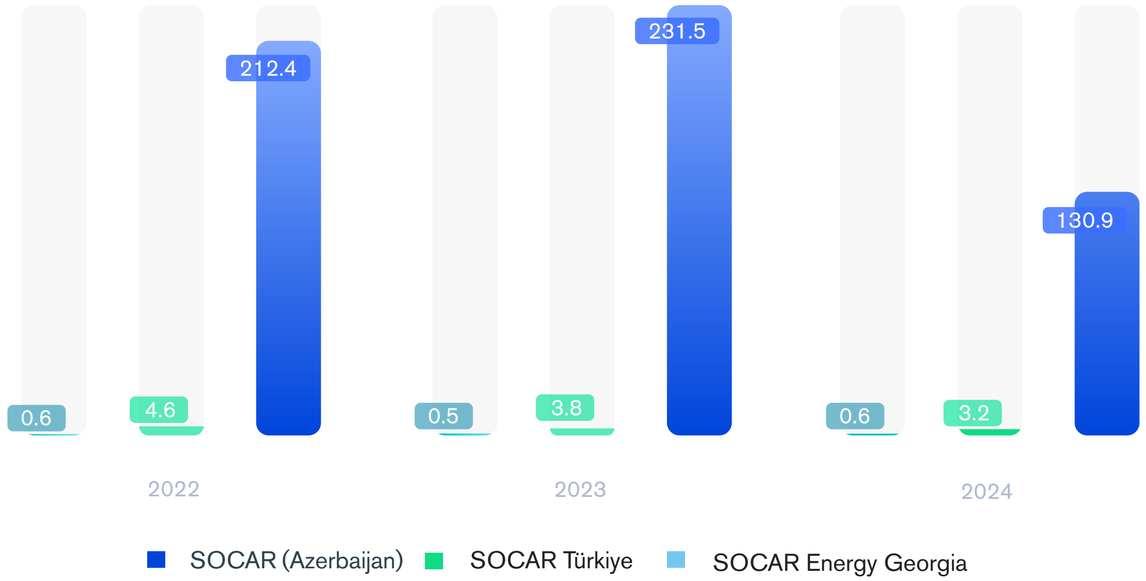
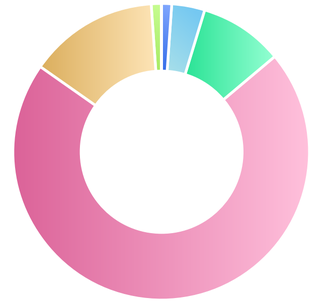


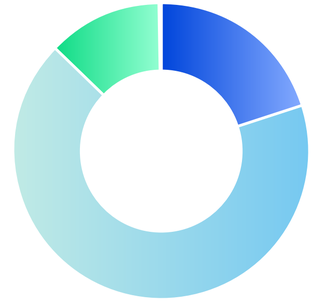
Figure 27. SOCAR Group air emissions in 2024,%

SOCAR (Azerbaijan)



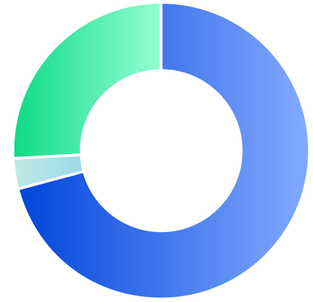
Solid particles	0.2%	Hydrocarbons (without VOC)	70.9%
Sulphur dioxide	1%	Volatile organic compounds	13.9%
Nitrogen oxide	3.7%		
Carbon monoxide	9.2%	Other gas substances	1.1%

SOCAR Türkiye



Sulphur dioxide	20.1%	Carbon monoxide	12.6%
Nitrogen oxide	67.3%		

SOCAR Energy Georgia



Sulphur dioxide	71 %	Carbon monoxide	25.8%
Nitrogen oxide	3.2 %		

BIODIVERSITY & ECOLOGICAL WELFARE

In 2024, SOCAR approved and published its Biodiversity Protection Statement, setting clear commitments to conserving flora, fauna, and local ecosystems. The document, endorsed by the company's President, outlines alignment with international biodiversity standards, integration into operations, and risk mitigation through regular monitoring. SOCAR's commitment extends across its entire value chain, covering upstream, midstream, and downstream segments.

To ensure these commitments are effectively implemented, SOCAR continuously monitors changes in local ecosystems in accordance with its Environmental Monitoring Program, which is reviewed and updated annually. Monitoring activities are conducted across SOCAR and its subsidiaries' facilities to assess potential impacts on local biodiversity, including flora, fauna, and soil stability. The Environmental Monitoring Program defines requirements for tracking air, water, and soil quality, as well as the condition of habitats and compliance with Environmental Impact Assessment (EIA) commitments. EIA documents are developed in line with national legislation and international best practices, providing a comprehensive analysis of potential environmental effects throughout the project lifecycle—from planning to operational stages. As required by Azerbaijani regulations, all EIAs and corresponding technical design documentation are submitted to the Ministry of Ecology and Natural Resources for official review and approval prior to the commencement of any construction or installation activities. In 2024, SOCAR approved and published its Biodiversity Protection Statement, setting clear commitments to conserving flora, fauna, and local ecosystems. The document, endorsed by the company's President, outlines alignment with international biodiversity standards, integration into operations, and risk mitigation through regular monitoring. SOCAR's commitment extends across its entire value chain, covering upstream, midstream, and downstream segments.

Operational activities are guided by regular environmental monitoring to assess ecosystem resilience.

SOCAR conducts ongoing assessments to evaluate environmental impact in critical areas, including the Caspian Sea. Dedicated monitoring programs help detect ecosystem changes, ensuring timely mitigation. In 2024, these efforts informed targeted conservation actions, with particular focus on reducing stress in sensitive marine and coastal habitats.

Green space restoration and reforestation remain central to SOCAR's ecological welfare agenda.

During 2024, SOCAR planted 57,904 trees across 29.32 hectares at operational sites, contributing to habitat restoration and local carbon sink expansion. Additionally, green space inventories were updated to ensure effective maintenance, pest protection, and compliance with climate-resilient landscaping practices tailored to local conditions.

Biodiversity safeguards are extended to contractors and suppliers through compliance requirements.

All operational sites, including those managed by subcontractors, are bound by SOCAR's environmental protection policies. Internal standards enforce biodiversity preservation across the full operations lifecycle. These requirements enhance accountability, align with regulatory expectations, and reinforce SOCAR's leadership in responsible environmental governance.

The Caspian Sea ecosystem is a focal point of SOCAR's marine protection efforts.

Given the high concentration of offshore activity, SOCAR prioritizes ecological monitoring and data-driven impact assessments in the Caspian basin. Insights from these programs support adaptive management practices that help maintain biodiversity while enabling sustainable resource development.

The "Eco-Park" initiative demonstrates SOCAR's commitment to conservation and awareness.

As part of its long-term strategy, SOCAR maintains the "Eco-Park" to support propagation of endangered native flora and promote ecological awareness. This living collection plays a dual role—preserving biodiversity and serving as an educational resource for the public and scientific community.

LAND MANAGEMENT

SOCAR places strong emphasis on responsible and sustainable land management, viewing the protection of natural resources and compliance with national legislation as a core part of its corporate policy.

In line with this commitment, SOCAR strictly adheres to the Law of the Republic of Azerbaijan "On Subsoil". This law establishes that subsoil resources are the exclusive property of the state and sets legal frameworks for their exploration, use, and protection. It allows subsoil activities only through proper licensing and under strict government supervision. A key objective of the law is to ensure scientifically grounded and efficient use of underground resources—including minerals and groundwater—while preventing environmental pollution and land degradation during extraction operations.

In addition to regulatory compliance, SOCAR actively engages in the remediation of historically contaminated land to restore ecological balance and promote responsible land use. Across all operational geographies, the company implements land rehabilitation initiatives aimed at removing soil pollutants caused by oil and petroleum products. These pollutants often contain hazardous substances such as heavy metals, posing serious threats to ecosystems and public health.

In 2024, SOCAR successfully reclaimed 166.7 hectares of land through environmental remediation efforts—more than doubling the 70.9 hectares restored in 2023. These results reflect the company's growing commitment to environmental sustainability and land stewardship.

SOCAR maintains a comprehensive inventory of oil-contaminated land to inform long-term restoration planning. Between 2022 and 2024, the total area of oil-contaminated and brine-affected land decreased from 1,008.8 ha to 766.1 ha, reflecting steady progress. Detailed mapping of affected areas underpins a broader rehabilitation strategy currently under development, aiming to reduce the footprint of legacy pollution.

As part of the "LightHouse" project, SOCAR has developed a plan for the recultivation of oil-contaminated lands and lakes, with "EKOL Engineering Services" CJSC designated as the main facilitator. The project places particular focus on the identification and investigation of affected areas.

Table 28. Land contamination at SOCAR (Azerbaijan) in 2022–2024, ha

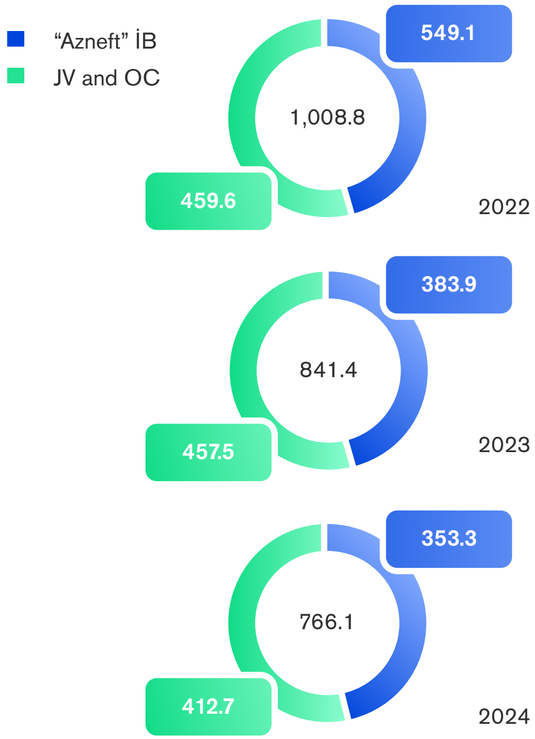
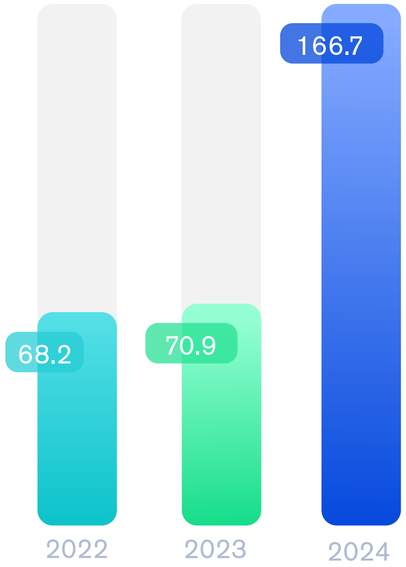
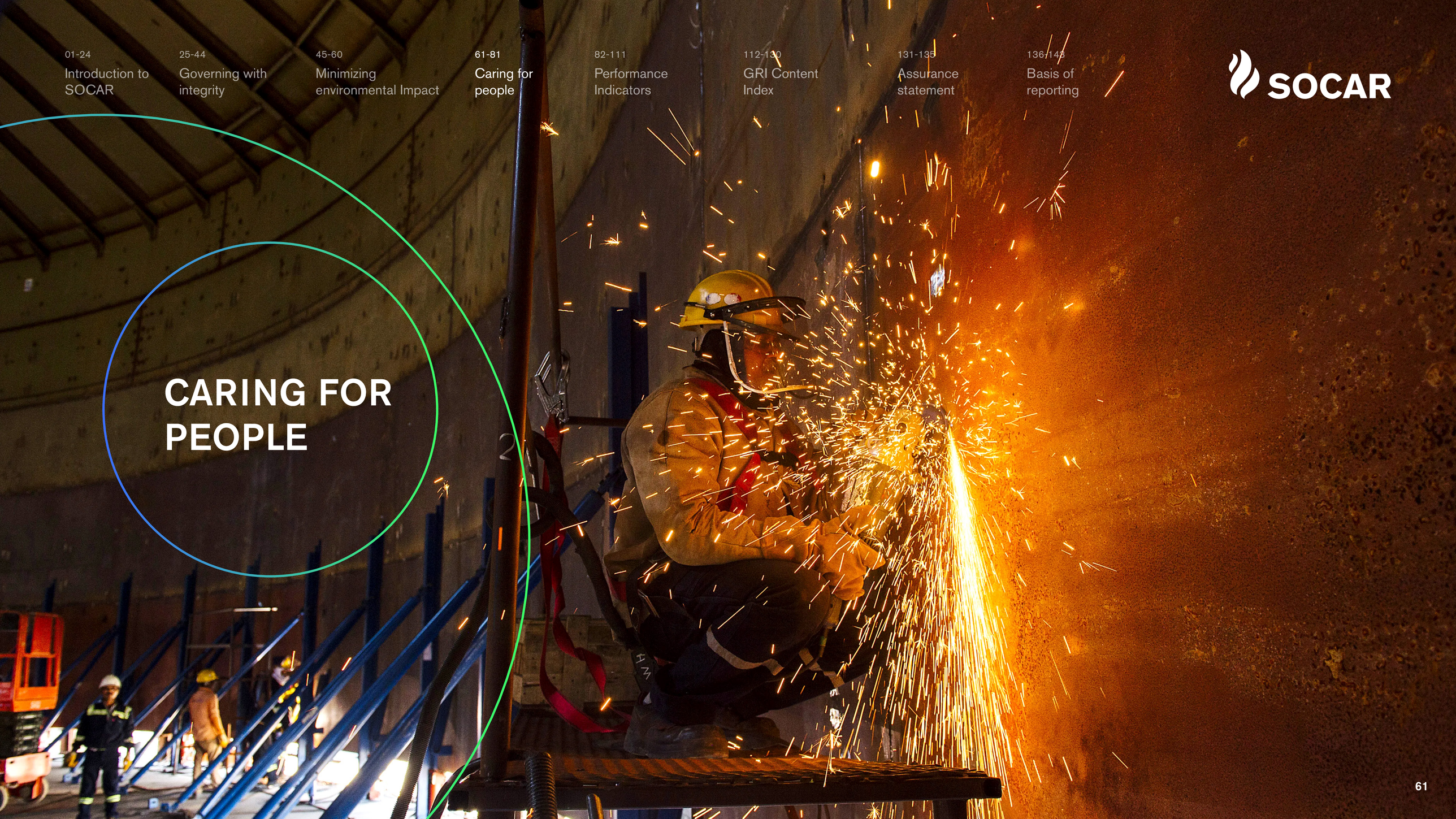


Table 29. Restoration and rehabilitation of SOCAR (Azerbaijan) in 2022–2024, ha



SOCAR

CARING FOR PEOPLE



SAFEGUARDING PEOPLE

SOCAR prioritizes the health and safety of its employees above operational goals, ensuring that all activities are conducted in a safe, reliable, and regulation-compliant manner. The Company's goal is to perform all production processes without accidents, occupational illnesses, or harm to the environment. In 2024, SOCAR undertook major efforts to improve and enhance working conditions across its production sites. Measures were implemented to bring buildings, workplaces, and production operations in alignment with applicable health and safety standards. Preventive actions to reduce injuries, incidents, and occupational illnesses were consistently carried out throughout the year. A total of 39,785,424 AZN was allocated to occupational safety initiatives in 2024. SOCAR also advanced the development of updated norms, procedures, and guidelines tailored to evolving industry needs and work environments. A strategic document for enhancing the HSE (Health, Safety, and Environment) management system was adopted following a thorough analysis. A revised Health and Safety Statement, reflecting the Company's key principles, was approved and published on the corporate website. Additional guidance documents, including verbal incident reporting procedures and safety behavior observation systems, were finalized. SOCAR also approved procedures for safety in passenger transport and cargo lifting operations. Further updates were made to permit-to-work systems and energy isolation protocols. The Company initiated updates to corporate-level standards, such as contractor HSE management and reporting practices. Procedures for the issuance of protective clothing and personal equipment were also revised. These actions demonstrate SOCAR's strong institutional approach to creating safe and fair working environments. Emphasis was placed on proactive risk management and increasing the awareness of all personnel regarding occupational safety. These continuous efforts are critical in protecting human life, supporting operational continuity, and maintaining long-term business resilience.

At SOCAR, in order to ensure the effectiveness of the Health & Safety (H&S) as well as quality policy, external audits are regularly conducted by internationally accredited independent audit organizations. In 2024, these audits were carried out by locally and globally recognized firms such as AZSTAND, Bureau Veritas, TUV Austria, and SGS. The audit process focuses on the implementation of the H&S policy, quality management, risk management, preventive measures, and alignment with sustainable development principles. These audits also include assessments of compliance with the ISO 45001:2018 standard. The responsible auditors are certified lead auditors specializing in health and safety management systems.

External assurance of the Health & Safety statement at SOCAR is conducted annually. This process involves the evaluation of the H&S statement and operations against international standards to enhance accountability and transparency. The outcomes and recommendations from the external assurance are incorporated into the annual improvement plans and serve as a basis for continuous enhancement.

In 2024, SOCAR prioritized occupational health and safety (H&S) training as a core component of its risk prevention and workforce protection strategy. Targeted training programs were implemented across all subsidiaries to strengthen employee awareness and competence in safe work practices. These programs covered key topics such as hazard identification, emergency response, and compliance with internal safety protocols. Particular attention was given to educating staff on the requirements of ISO 45001 and other safety-related standards in effect within the Company. Training modules were delivered through classroom delivery, practical drills, and digital platforms to ensure accessibility and effectiveness. Newly recruited personnel receive mandatory induction sessions on health and safety rules and responsibilities. Refresher courses were also held for employees in high-risk positions to maintain H&S awareness and procedural discipline. Internal audits confirmed that training coverage and participation rates met or exceeded minimum standards. SOCAR also organized specialized sessions for contractors and third-party workers to ensure alignment with corporate H&S expectations. Instructional content was reviewed and updated to reflect changes in legislation and lessons learned from past incidents. Supervisors and line managers received advanced training in workplace safety leadership to foster strong safety culture at all levels. The Company monitored training outcomes through post-training assessments and feedback mechanisms. As a result, employees demonstrated improved readiness to manage H&S risks in their respective work environments. These actions reflect SOCAR's unwavering commitment to protecting human life and embedding safety into every aspect of its operations. Continuous H&S education remains a key driver of the Company's sustainability and operational resilience. In 2024, a total of 292,410 training hours on occupational health and safety were delivered across various specialized courses. These sessions engaged 13,318 participants, ensuring widespread employee involvement in safety education. The absentee rate for SOCAR Head office and structured subsidiaries is 2.5%

Occupational Safety Performance at SOCAR (Azerbaijan) in 2024

Occupational safety expenditures, thousand AZN	39,785
Total number of lost time incidents	28
Lost Time Injury Rate	0.07
Number of employees	48,069

Technical Safety Measures

In 2024, SOCAR implemented preventive technical safety measures to improve working conditions and ensure compliance with modern safety standards across its facilities. Major efforts focused on reconstructing production sites, buildings, and workplaces to meet current health and safety requirements. Equipment, machinery, and systems involved in complex technological processes underwent technical inspections and periodic testing to verify their operational safety. These evaluations aimed to ensure safe use and reliability of production assets. In several facilities, automated control and measurement systems meeting international standards were installed to reduce manual labor and enhance workplace safety. These systems support risk reduction by minimizing human error and ensuring real-time monitoring. SOCAR continues to invest in technical upgrades as part of its broader commitment to safe and sustainable operations.

Monitoring of Working Conditions

In 2024, SOCAR maintained strict oversight of workplace conditions to ensure the safety of its production areas. Certification assessments were regularly carried out to evaluate the safety of working environments, resulting in the attestation of 2,077 workplaces across SOCAR's subsidiaries. These assessments revealed that 414 workplaces contained hazardous production factors exceeding permissible limits. Additionally, industrial hygiene laboratories operating in four company entities conducted measurement activities at 4,411 workplaces to monitor exposure levels and environmental safety. To further minimize operational risks, SOCAR's Health and Safety Department along with permanent safety commissions (DFKs) conducted inspections as part of the "self-assessment" process. These inspections took place in eight subsidiaries—including the Oil Pipelines Department, Heydar Aliyev Oil Refinery, Training and Certification Department, Neftqaztikinti Trust, Transport Department, Azerikimya PU, Neftgazelmitedqiqatlayihe Institute, and the Carbamide Plant—where both positive practices and 199 safety-related nonconformities were identified, and targeted recommendations provided for improvement.

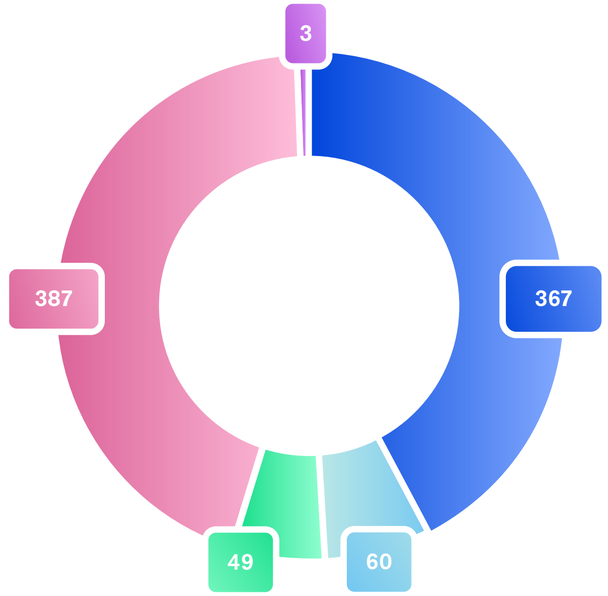
Throughout 2024, DFKs conducted 657 workplace inspections across SOCAR subsidiaries, detecting a total of 10,179 nonconformities, of which 8,520 were fully resolved. Additionally, 5,333 inspections carried out by internal HSE services revealed 23,906 nonconformities, with 21,605 of them fully addressed and corrective measures launched for the outstanding and recurring issues.

Disciplinary action for violations of safety regulations was taken against 479 engineering-technical employees. Among these, 367 received formal reprimands, 60 were issued severe warnings with final notice, 49 had salary deductions imposed, 387 were warned and 3 were dismissed. In contrast, 373 employees were officially recognized and rewarded for their outstanding performance in occupational safety. To further strengthen safety culture across the Company, SOCAR continued its annual "Safety Leader" competition. In 2024, 37 individuals received recognition for their commitment to safety at the work place, based on predefined HSE performance criteria.

Supervision of Third-Party Companies

In 2024, SOCAR maintained close oversight of third-party (contractor) companies to ensure alignment with the Company's core principles and operational safety values. The primary requirements for contractors focused on occupational health, safety, and effective risk management across operational sites. Joint Ventures and partner enterprises operating under contractual arrangements were regularly monitored to ensure their compliance with HSE standards. In production areas with multiple contractors, a designated responsible person was appointed to oversee and coordinate all external activities, ensuring proper supervision. Strict controls were enforced to prevent non-compliant vehicles from entering fire- and explosion-hazardous zones, and to verify the validity of work-related certifications, as well as the technical condition and inspection status of lifting equipment, machinery, and tools. Additional safety oversight included monitoring proper execution of works, ensuring all personnel—regardless of affiliation—wore appropriate protective clothing and used personal protective equipment, and facilitating coordinated safety practices when needed. Furthermore, Joint Ventures and Operating Companies submitted monthly reports on workplace injuries, which were reviewed and analyzed to assess the overall safety performance and support continuous improvement initiatives.

Figure 30. Safety violation measures



INTERNATIONAL CERTIFICATES AT SOCAR

Certified to ISO 9001, ISO 14001, and ISO 45001 standards

- “Azneft” PU
- Gas Processing Plant
- Transportation Department
- Marketing and Economic Operations Department
- Information Technologies and Communication Department
- Oil Pipelines Department
- “Azerikimya” PU
- “Azerigas” PU
- Baku Higher Oil School
- Occupational Safety Norms Development Department
- Department of Geophysics and Geology
- Heydar Aliyev Oil Refinery
- Complex Drilling Works Trust
- Oil and Gas Construction trust
- Training Education and Certification Department
- Carbamide Plant
- Methanol Plant

Expected to be updated

- Oil and Gas Processing Research and Design Institute

Will be submitted for the first time

Industrial Safety Department (ISO9001, ISO14001, ISO 45001)

Social Development Department (İSO 9001)

ISO 9001

ISO 14001

ISO 45001

Workplace Accidents

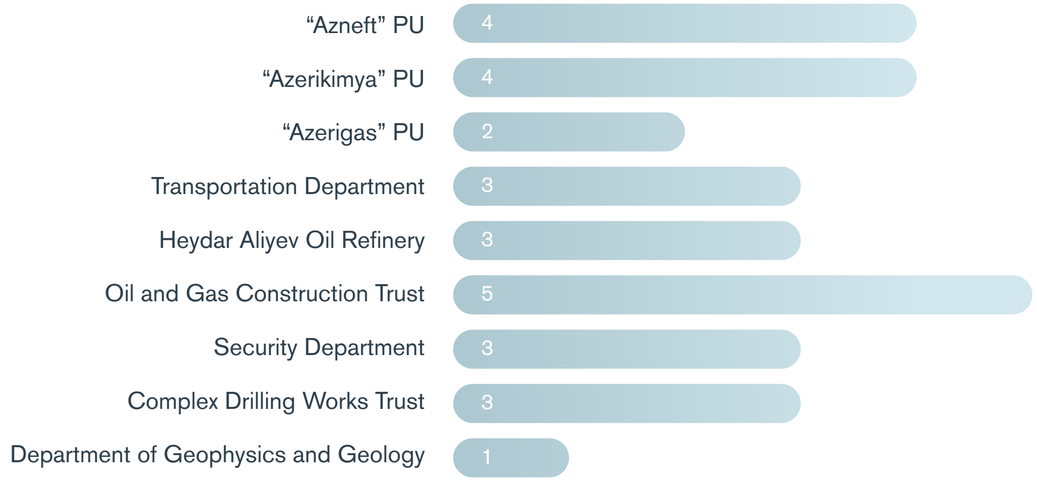
Vision Zero is a proactive, prevention-focused Health & Safety (H&S) program implemented across all levels of SOCAR. The program is built on the philosophy that all workplace incidents, injuries, and occupational illnesses are preventable, and that the goal of zero harm is achievable through a structured and disciplined approach.

Its core objectives include eliminating workplace injuries and occupational illnesses, promoting a safety-first mindset at all organizational levels, strengthening the safety culture through leadership and employee engagement, and continuously improving HSE performance across the Company. Through structured inspections, regular reporting, and a strong culture of leadership and engagement, SOCAR is systematically working toward its ultimate goal: a workplace with zero incidents and full protection for every employee.

Despite these preventive efforts, a total of 30 occupational incidents occurred across SOCAR in 2024. All incidents were reported in accordance with regulatory requirements to relevant state authorities. Investigations were completed for 19 of these cases, while inquiries into the remaining incidents are ongoing. Based on the investigation findings, corrective actions and preventive measures were implemented at the enterprise level to reduce recurrence risks and improve working conditions. Lessons learned from each incident were disseminated internally, and the implementation of identified actions remains under close monitoring.

Compared to previous years, the increase in the number of reported incidents is partially attributed to the Company's improved reporting culture. This shift is supported by awareness campaigns and organizational efforts encouraging timely and systematic reporting across all levels. As a result, the number of reported near-miss cases increased more than fivefold, enabling proactive investigation and mitigation of potential hazards before they could escalate into serious accidents. This improvement reflects SOCAR's commitment to transparency and continuous enhancement of workplace safety.

Figure 31. Number of accidents in 2024 by the areas of operations for SOCAR (Azerbaijan)



Total number of fatal accidents **2**

Table 12. Occupational health and safety indicators of SOCAR (Azerbaijan) in 2024

	2024
Total number of accidents, including ;	28
Fatal accidents	2
Total number of injured employees ;	27
Including number of deceased employees	2
Number of missing people	0
Number of occupational diseases	0
Number of days lost due to occupational injuries	1,058
The average number of employees	48,340
Total worked hours	83,157,402
Lost time injury rate (per 200 000 hours worked)	0.07
Lost days ratio (per 200 000 hours worked)	2.54
Accidents' frequency ratio (number of accidents per 1000 employees)	0.62
Accidents' severity ratio (number of lost days per accident)	39.17

Table 13. Occupational safety performance indicators of SOCAR's Joint Ventures and Operating Companies in 2024

	2024
Total number of accidents, including ;	18
Fatal accidents	0
Total number of injured employees	18
Number of days lost due to occupational injuries	246
Accidents' severity ratio (number of lost days per accident)	13.66
Accidents' frequency ratio (number of accidents per 1000 employees)	0.88
Number of occupational diseases	0
The average number of employees	20,406
Total worked hours	38,490,464
Lost time injury rate (per 200 000 hours worked)	0,09
Lost days ratio (per 200 000 hours worked)	1.28

LABOR PRACTICES

At SOCAR, employees are regarded as the Company's most valuable asset and a key factor in long-term success. The human resources approach is focused on building a motivated, capable, and stable workforce that supports strategic business goals. By creating a supportive and consistent work environment, SOCAR ensures that employees are empowered to contribute meaningfully and grow professionally. The Company places strong emphasis on workforce retention and ongoing development to remain adaptive to market dynamics. These efforts reflect the belief that long-term corporate performance is directly linked to employee engagement and satisfaction. SOCAR also maintains fair employment practices that reinforce mutual respect and trust. This commitment forms the foundation for the Company's broader labor practices.

As a result of this people-centered approach, SOCAR maintains a highly stable workforce, with 99% of employees holding permanent contracts. This high rate reflects the mutual trust between the Company and its personnel, as well as the effectiveness of its long-term employment policies. The employee turnover rate stood at only 1.9% during the reporting period, which is considered low by industry standards and demonstrates strong employee retention. Workforce stability supports operational continuity and helps preserve institutional knowledge across all levels of the organization. No mass layoffs occurred during the year, confirming SOCAR's commitment to workforce protection and social responsibility. These outcomes contribute to employee loyalty, motivation, and sustained productivity. They also reinforce the resilience of the Company's overall labor strategy.

SOCAR upholds the principle of equal treatment as a core element of its labor practices. The Company has established a robust internal policy framework that prohibits any form of discrimination based on gender, age, ethnicity, religion, or other characteristics. These principles are reinforced through regulations and procedures that ensure fair and consistent implementation across all levels of the organization. Equal access to career opportunities, fair remuneration, and merit-based promotion are actively maintained. This approach complies with national labor legislation and aligns with international workplace equality standards. By embedding fairness throughout the employee lifecycle, SOCAR promotes a culture of inclusion and mutual respect. These values underpin all aspects of workforce management and support a strong organizational culture.

Maintaining open and transparent communication is a key pillar of SOCAR's approach to labor relations. The Company fosters an inclusive environment through regular internal dialogue and open-door practices that enable employees to voice concerns, share ideas, and contribute to workplace improvements. To promote direct interaction between leadership and staff, SOCAR organizes regular Townhall meetings that create a platform for open discussions on strategic priorities, business updates, and employee feedback. These sessions enhance transparency and reinforce trust by ensuring employee voices are heard at the highest level.

In parallel, the Company conducts regular surveys focused on employee engagement, employee satisfaction, and Employee Net Promoter Score (eNPS) to assess key dimensions of the workplace experience. The eNPS results indicate that employees hold a strong positive attitude toward the organization and view the company as a valuable place to work. These surveys are actively used to improve management practices, enhance employee experience, and guide strategic HR initiatives.

Additionally, SOCAR supports day-to-day communication through internal platforms such as the SOCAR Portal and the "SOCAR Ailəm" application, which offer easy access to news, corporate announcements, and employee services. Together, these communication tools strengthen accountability, foster engagement, and align the workforce with the Company's mission and values.

In 2024, the results of the engagement, satisfaction, and eNPS surveys reflected a positive trend, confirming the effectiveness of SOCAR's efforts in working with its employees. This progress is the outcome of continued investment in leadership development, employee training, and improved workplace conditions. SOCAR treats employee feedback as a key component of its human capital strategy, using insights to respond to staff expectations and drive continuous improvement in organizational practices.

Employee Net Promoter Score

Female	38%
Male	41%

40%

Employee engagement

Female	84%
Male	86%

86%

Employee satisfaction

Female	78%
Male	78%

78%

Table 14. Number of employees at SOCAR Group in 2022-2024

	2022	2023	2024
SOCAR (Azerbaijan)	48,042	48,320	48,069
SOCAR Türkiye	5,251	5,509	5,688
SOCAR Energy Georgia	4,914	4,055	4,353
SOCAR Energy Ukraine	1,719	1,794	1,777
SOCAR Energy Switzerland	803	818	806
SOCAR Energy Austria		200	208

Table 15. Employee turnover at SOCAR Group in 2022–2024, %

	2022	2023	2024
SOCAR (Azerbaijan)	2.4	1.4	1.9
SOCAR Türkiye	6.7	4.9	5.1
SOCAR Energy Georgia	27.3	41.6	19.9
SOCAR Energy Ukraine	37.3	28.3	34.2
SOCAR Energy Switzerland	41	40.2	36.6
SOCAR Energy Austria		60.1	61.9

Table 16. Number of hired and dismissed employees by country in 2022–2024

	2022	2023	2024
Azerbaijan			
Hired	2,781	3,313	2,289
Dismissed	2,174	1,195	929
Türkiye			
Hired	377	480	467
Dismissed	346	264	288
Georgia			
Hired	1,319	1,008	1,133
Dismissed	1,276	1,867	835
Ukraine			
Hired	411	747	594
Dismissed	693	672	611
Switzerland			
Hired	331	331	294
Dismissed	325	330	295
Austria			
Hired		170	130
Dismissed		182	125

TRAINING AND PROFESSIONAL DEVELOPMENT

SOCAR views continuous learning and skills development as a strategic priority essential to both individual growth and organizational success. In an evolving energy landscape, employee competencies must be constantly updated to meet technological, regulatory, and operational challenges. To this end, the Company invests in structured learning opportunities designed to build technical, managerial, and sustainability-related capabilities. SOCAR employs a combination of internal and external development channels to ensure comprehensive and flexible learning paths. Internal programs include tailored in-house training, leadership development initiatives, and knowledge-sharing sessions facilitated by company experts. In parallel, employees also participate in external certifications, international seminars, and academic partnerships that broaden expertise and introduce global best practices. This dual approach ensures that SOCAR's workforce remains agile, future-ready, and aligned with the Company's long-term strategy.

In line with its strategic approach to professional development, SOCAR launched several specialized training programs in the reporting year aimed at building leadership capacity, enhancing employee performance, and fostering a culture of continuous learning. These initiatives were designed to target different layers of the organization—from senior executives to emerging professionals—ensuring that development opportunities are inclusive, relevant, and aligned with organizational goals. Below are highlights of key development programs implemented in 2024.

Leadership Academy: Development Program for Strategic Leaders

As part of its effort to strengthen executive leadership, SOCAR implemented the "Leadership Academy: Development Program for Strategic Leaders" in partnership with Boğaziçi University. This high-level training brought together 154 strategic leaders from across the organization. The program focused on advanced topics such as strategic thinking, change management, and innovation in the energy sector. Participants engaged in interactive modules led by expert facilitators from academia and industry. Feedback from participants was overwhelmingly positive, and the program achieved a satisfaction score of 89%. The initiative contributed to building a common leadership vision and enhancing cross-functional collaboration at the senior level. It also reinforced SOCAR's investment in future-ready executive talent.

Leadership Skills – Empowering Middle Line Managers

To support effective leadership at the operational level, SOCAR conducted the "Leadership Skills – Empowering Middle Line Managers" development program. This initiative targeted middle managers who play a key role in daily operations and employee engagement. A total of 156 employees participated in the training, which focused on essential leadership tools such as communication, delegation, performance management, and team motivation. The program was structured around practical scenarios and peer learning, enabling participants to apply concepts directly in their roles. This effort helped strengthen the leadership pipeline and bridge the gap between strategy and execution. It also empowered participants to become more confident and capable decision-makers in their teams.

Mentorship Program

In 2024, SOCAR launched a structured Mentorship Program designed to promote knowledge transfer, cross-generational learning, and career development. The program matched experienced professionals (mentors) with younger employees (mentees) based on shared professional goals and development interests. A total of 28 mentors and 39 mentees participated in the program. Regular mentoring sessions provided a space for professional guidance, networking, and reflection. The program helped build stronger interdepartmental relationships and fostered a culture of continuous learning. It also gave emerging talents access to the insight and support of more experienced colleagues, contributing to stronger career paths and leadership readiness.

Women Leaders Program

To promote gender equality and support women's advancement in the energy sector, SOCAR launched the "Women Leaders" Program in the reporting year. The initiative was aimed at empowering female employees with the skills, confidence, and visibility needed to take on leadership roles. A total of 11 female employees participated in the first cohort of the program. Training sessions covered topics such as leadership identity, strategic communication, and career planning. Participants also engaged in peer discussions and received mentoring from senior leaders. The program reflects SOCAR's commitment to diversity, inclusion, and the creation of equal opportunities within its leadership structure. It plays a vital role in building a more balanced and representative leadership pipeline.

SOCAR's Abroad Scholarship Program

Since 2006, SOCAR has been implementing its Abroad Scholarship Program with the aim of supporting talented youth in receiving high-quality education at leading international universities. The primary goal of the program is to equip young professionals with global knowledge and skills that can contribute to the development of Azerbaijan's oil and gas industry.

Every year, dozens of students earn the opportunity to study abroad through this program. Upon their return, they actively contribute to the growth and innovation of the country's energy sector. The year 2024 has been no exception to this trend — 9 students have been awarded the right to pursue education at top institutions, and 1 graduate has already completed their studies and begun working at SOCAR Downstream.

Baku Higher Oil School Scholarship Program

SOCAR covers the tuition fees of its employees pursuing an MBA degree at Baku Higher Oil School (BHOS) as part of its commitment to developing professional and managerial competencies within the company. This initiative reflects SOCAR's long-term investment in its human capital.

The primary goal of the program is to foster the growth of employees with leadership and management potential by equipping them with strategic thinking and effective decision-making skills. This approach supports the development of future leaders and contributes to the continuous improvement of organizational performance.

In the 2024/2025 academic year, one SOCAR employee earned the right to receive this scholarship and has commenced their MBA studies.

"ProEx" – Sustainable development program for finance

SOCAR continues to invest in the growth of its internal talent through targeted development programs. One such initiative is "ProEx" – the Sustainable Development Program for Finance Professionals, designed to strengthen both technical and leadership capabilities across the finance community within SOCAR Group.

The main objective of the program is to empower finance specialists with up-to-date knowledge and skills that support strategic decision-making and contribute to the company's long-term, sustainable growth.

In total, 25 finance professionals from various SOCAR subsidiaries participated in the program. The curriculum covered a wide range of technical modules such as financial analysis, feasibility studies and financial modeling, practical tax optimization, macroeconomic trends, financial innovations, information security in finance, modern project financing methods, and valuation techniques.

In parallel, the program placed strong emphasis on soft skills development — focusing on emotional intelligence, leadership communication, and strategies for leading high-performing teams.

Professional Manual Workers Development Program

SOCAR's Professional Manual Workers Development Program aims to train and qualify local citizens in various technical and vocational professions to meet the evolving demands of the energy sector.

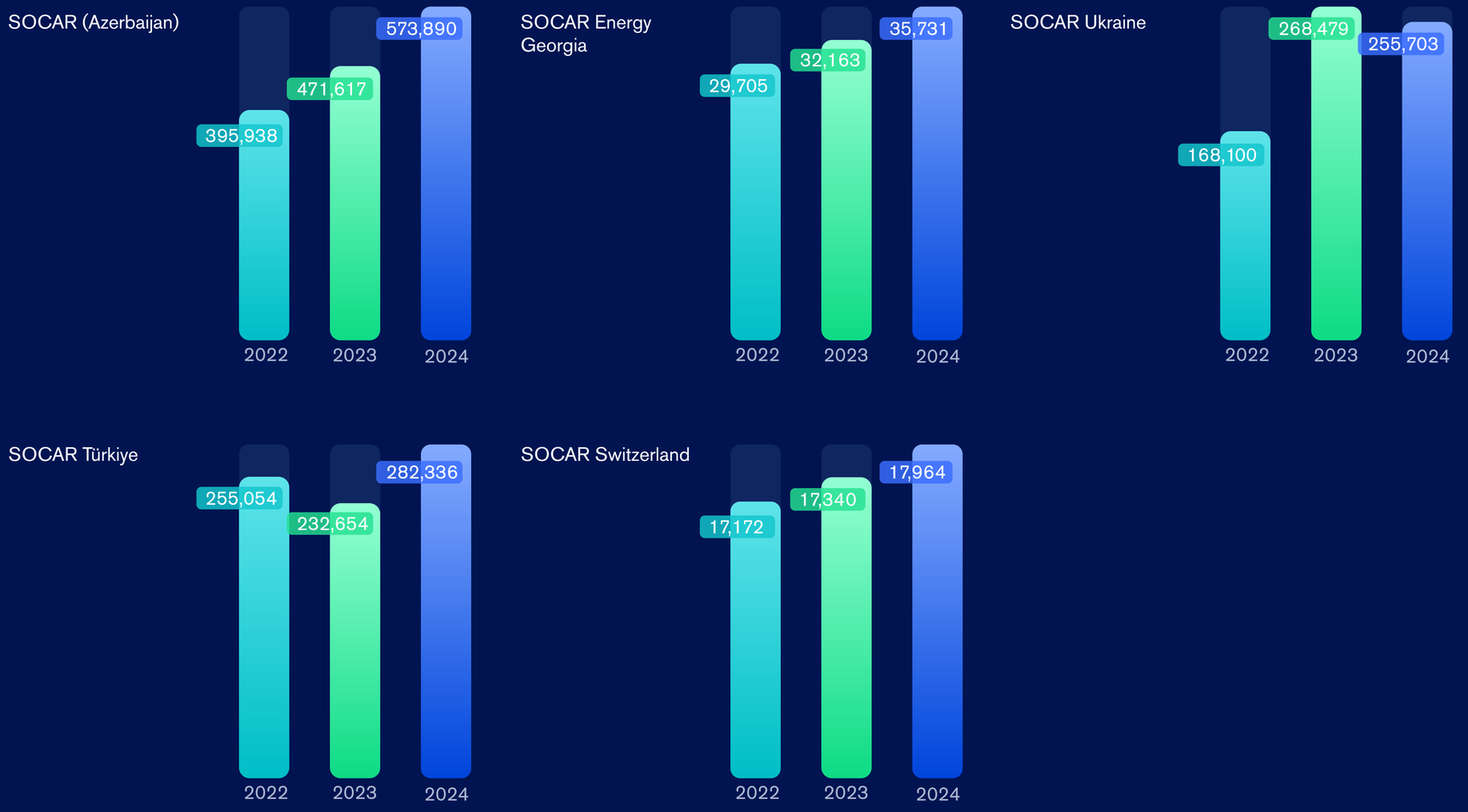
Each year, hundreds of Azerbaijani citizens are enrolled in the program and receive specialized training in critical fields such as welding, electrical work, machinery operation, and industrial maintenance. In 2024 alone, 497 citizens were admitted to SOCAR's training centers across 22 different occupational directions and are currently continuing their education in their respective fields.

Upon successful completion, participants are employed based on SOCAR's operational needs, helping to fill workforce gaps with qualified, job-ready professionals.

This program plays a key role in supporting national employment, enhancing workforce capabilities, and ensuring a sustainable supply of skilled labor within SOCAR's operations.

TOTAL TRAINING HOURS IN 2022-2024

Figure 32. Total training hours per companies



EMPLOYEE WELLBEING

SOCAR places a strong emphasis on employee wellbeing as a key component of its human capital strategy. The Company takes a holistic approach to workforce welfare, encompassing occupational health, safety, financial security, and work-life balance. Creating a healthy and supportive work environment not only contributes to employee satisfaction but also enhances overall organizational resilience. In this context, SOCAR regularly evaluates and improves its employee wellbeing programs to meet evolving workforce needs and international standards. Initiatives include access to preventive healthcare, stress management support, recreational activities, insurance coverage, transportation services, employee housing, and sports facilities. In alignment with these efforts, SOCAR, together with the Republican Committee of the Oil and Gas Industry Workers Trade Union of Azerbaijan, has prepared a Sectoral Collective Agreement for 2024–2026. As part of this agreement, additional provisions have been incorporated into the “Social Protection” section to further enhance the social welfare of SOCAR employees.

Health and Insurance Coverage

SOCAR provides its employees with an extensive insurance package to ensure their physical, emotional, and financial wellbeing. Under the Voluntary Medical Insurance Program, employees have access to annual healthcare services worth up to 120,000 AZN, delivered by leading clinics across the country. The program covers preventive care, inpatient and outpatient treatments, regular medical check-ups, and post-treatment rehabilitation. Importantly, it also extends to former employees who have suffered occupational injuries, ensuring long-term support. In addition to voluntary coverage, all employees are included in Mandatory Occupational Accident and Disease Insurance, implemented in partnership with PASHA Life Insurance. This policy provides compensation in the event of permanent disability or death resulting from a workplace accident or occupational illness. To further enhance financial security, SOCAR also offers Term Life and Critical Illness Insurance, which covers employees 24/7 worldwide against death from any cause and 11 critical illnesses. In the event of death, designated family members receive insurance payouts, and in the case of diagnosis with a covered condition, the employee becomes eligible for compensation. This comprehensive insurance framework reflects SOCAR’s proactive approach to employee protection and long-term wellbeing.

Psychological Support and Mental Health

As part of its “Care” corporate value, SOCAR continued to prioritize the mental health of its employees through the implementation of the Psychological Support Project. This initiative provides confidential, professional psychological assistance to employees facing emotional challenges or work-related stress. Recognizing that mental wellbeing is a vital component of overall employee health and productivity, SOCAR ensures that support is easily accessible and tailored to individual needs. In 2024, a total of 200 one-on-one support sessions were delivered by certified mental health professionals. In addition to personal consultations, the program included four awareness-raising presentations, an Open Talk Day, and a webinar—all designed to reduce stigma, raise mental health awareness, and encourage proactive dialogue around emotional wellbeing. These sessions created safe spaces for discussion and equipped employees with practical tools to manage stress and maintain resilience. By integrating mental health support into its employee wellbeing strategy, SOCAR promotes a healthier, more engaged, and emotionally secure workforce.

Flexible Work Arrangements

SOCAR recognizes the importance of work-life balance and the need for flexible work models that accommodate the evolving needs of its employees. In this context, the Company has implemented flexible working hours for various roles, enabling staff to better align their professional responsibilities with personal obligations. Moreover, SOCAR has created the necessary technical and organizational infrastructure to support remote work, particularly in exceptional situations that require off-site operation. These arrangements are supported by secure digital platforms, internal communication tools, and access to critical systems, ensuring seamless business continuity and employee productivity. By offering flexible work options, SOCAR not only enhances employee satisfaction and wellbeing but also strengthens organizational resilience and operational agility. This approach reflects the Company’s commitment to modern workplace practices and its ability to adapt to changing workforce expectations.

Financial and Social Support

SOCAR places strong emphasis on improving the social welfare of its employees and addressing their financial needs through structured and equitable support mechanisms. In 2024, the Company continued to provide financial assistance to eligible employees and their families in accordance with the "Regulation on Providing Financial Support to SOCAR Employees." As part of this policy, the underage children of deceased employees were placed under Company care and received monthly support equal to 2.5 times the minimum wage until the age of 18—or 23 if enrolled in higher education.

Additionally, the children of employees who were martyrs of the Karabakh war continued to receive financial support amounting to five times the minimum wage. In total, 14,184 individuals received assistance amounting to 11.9 million AZN during the reporting year. These measures reflect the Company's long-term commitment to the wellbeing of its workforce and their families, especially in times of personal hardship. By institutionalizing this support, SOCAR ensures continuity, fairness, and compassion in its employee care strategy.

Implementation of the Social Development Program

As part of its strategic focus on employee wellbeing and sustainable workplace development, SOCAR continued implementing the "2021–2025 Social Development Program for Improving Employee Welfare" across all structural divisions of the Company. This multi-year initiative was designed to systematically address social needs, improve working conditions, and enhance the quality of life for employees in both industrial and administrative units. The program integrates infrastructure upgrades, occupational comfort improvements, and the modernization of social and support facilities used by the workforce. In 2024, a total of 18 planned actions were successfully completed, while implementation of 43 additional measures remains in progress across various entities of the Company.

To ensure proper oversight and transparency, a Monitoring Group—established by official directives from the President of SOCAR—carried out a comprehensive assessment of workplace infrastructure in 143 subdivisions. This resulted in inspections at 1,593 facilities, including production areas, administrative buildings, social facilities, dormitories, sports halls, and other supporting structures.

A total of 2,400 non-conformities were identified during these inspections, of which 1,142 were fully addressed, and corrective work is ongoing for 723 additional items. These actions ensure that operational environments remain safe, functional, and aligned with employee needs.

In parallel, SOCAR completed major and current repair and refurbishment across its assets: 121 socially oriented facilities were repaired, major overhauls at 51 locations, and 5 brand-new social infrastructure sites were constructed.

Housing Support

As part of its commitment to supporting employee wellbeing and living standards, SOCAR continued its housing assistance efforts throughout the reporting year. In 2024, a total of 100 employees registered on the Company's housing waiting list were provided with apartments through the "Neftçi" MTK residential initiative. Notably, 9 of these recipients were individuals who had grown up in state care institutions, completed vocational training under SOCAR's programs, and are now employed by the Company. In addition, 14 oil worker families on the housing registry were granted land plots for private home construction. With this distribution, the full allocation of a 335-plot land area has now been completed. These initiatives demonstrate SOCAR's sustained efforts to improve housing conditions and provide long-term stability for its employees and their families.

MANAGEMENT OF LABOR RELATIONS

Management of Labor Relations

Effective labor relations are a cornerstone of SOCAR's human capital strategy and long-term organizational stability. The Company is committed to fostering a work environment based on mutual respect, open communication, and full compliance with national labor legislation and international labor standards. SOCAR's approach emphasizes proactive engagement with employees, early identification of workplace concerns, and resolution through structured dialogue and institutional mechanisms. By maintaining transparent labor practices and constructive relationships, the Company enhances workforce cohesion and reinforces employee confidence in corporate governance. Labor relations are not only a tool for risk mitigation but also a foundation for organizational resilience, productivity, and continuous improvement.

A key element of SOCAR's labor framework is the active support for employee representation and collective decision-making. All employees are covered under the Collective Agreement, which defines a wide range of employment terms—including remuneration, working hours, leave policies, dispute resolution, and social guarantees. The Agreement is the result of constructive dialogue between management and employee representatives and is periodically revised to reflect changing legal requirements and workforce expectations. SOCAR also ensures close collaboration with officially recognized trade unions, which play a vital role in defending workers' rights, voicing concerns, and participating in the development of labor policies. In the event of labor disputes or grievances, the Company implements formal procedures for mediation and resolution that are impartial, confidential, and in line with legal norms. These mechanisms help maintain industrial peace and promote trust between employees and management.

The local hiring rate stands at 99% in Azerbaijan (covering the head office and structured subsidiaries), 97% for SOCAR Türkiye and 97% in SOCAR Georgia. For SOCAR Switzerland, figures are expected to be provided separately.

Regarding policy disclosure, it should be noted that SOCAR does not have a formal local hiring policy document. This is because local hiring is mandated by national legislation—specifically, Article 63 of the Migration Code of the Republic of Azerbaijan and applicable provisions under Production Sharing Agreements (PSAs). These legal instruments define requirements around employing local nationals, thus serving as the regulatory framework governing local hiring

Advance Notification of Organizational Changes

SOCAR adheres strictly to national labor legislation and internal collective agreements in matters related to organizational or structural changes that may affect employees. In accordance with Article 77(b) of the Labour Code of the Republic of Azerbaijan and provisions outlined in the Company's Collective Agreement, employees are entitled to advance notice in the event of potential changes impacting their employment status. The notice period is determined by the employee's length of service and is designed to ensure that individuals have sufficient time to prepare for any upcoming transition. This approach reinforces SOCAR's commitment to transparency, legal compliance, and responsible workforce management. By institutionalizing such practices, the Company provides security and predictability for its employees while aligning organizational changes with established labor rights.

MANAGEMENT OF EMPLOYEE PERFORMANCE

As part of its broader human capital strategy, SOCAR continues to enhance its approach to performance management to ensure alignment between individual performance and the Company's strategic objectives. A strong performance culture is essential for driving results, increasing employee engagement, and supporting continuous professional development.

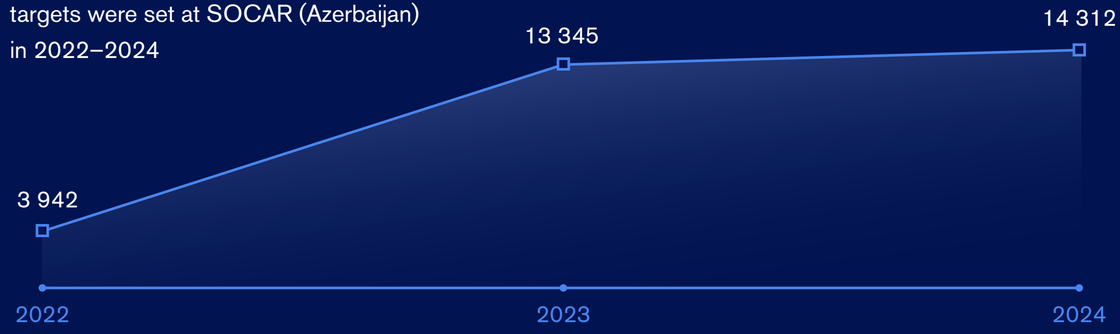
Performance assessments are conducted through a structured and transparent process, which includes goal setting, periodic reviews, and calibration to ensure fairness and consistency. Based on the results of the 2023 year-end performance evaluations and the outcome of the company-wide calibration process, bonus payments were made to 42,269 employees, including blue-collar employees, in accordance with the Company's internal directive. These performance-based incentives serve as recognition of individual and team contributions to SOCAR's operational and strategic goals.

In 2024, under the newly improved Employee Performance Management System, Key Performance Indicators (KPIs) were set for all white-collar employees across SOCAR. This comprehensive system is designed to set clear expectations, provide constructive feedback, and support employees in achieving measurable results.

To further strengthen its performance culture, SOCAR invests in upskilling managers on performance feedback techniques and applies digital tools to streamline the evaluation process. The Company will continue aligning its performance management practices with international HR standards, ensuring fairness, inclusivity, and transparency across all business units.

In the reporting year, SOCAR approved a 'Competency Card' to support the implementation of the Leadership Competency Model by enabling structured assessment and tracking of leadership skills. The model outlines the competencies expected from managerial-level employees across SOCAR Group. To promote consistent leadership development, SOCAR will observe and evaluate these competencies among senior management throughout 2025, with necessary actions already underway.

Figure 33. Employees whose individual targets were set at SOCAR (Azerbaijan) in 2022–2024



The percentage of employees who have received regular performance and career development reviews by employee category.

Managerial employees	99.4%
Specialist employees	99.6%
Technical staff	99.1%

The percentage of total employees who have received regular performance and career development reviews disaggregated by gender

Male	99.4%
Female	99.6%

COMPENSATION AND BENEFITS

SOCAR implements a strategically designed, multi-level compensation system aimed at recognizing employee contributions, driving performance, and maintaining long-term motivation. The Company's approach combines a fixed salary structure with flexible performance-based incentives and additional programs that provide both financial and non-financial recognition. Key principles of the system include fairness, transparency, and a clear link between rewards and measurable results, innovation, and alignment with corporate values. Compensation policies are regularly reviewed in light of market conditions, internal assessments, and employee needs. This enables SOCAR to remain competitive, retain qualified talent, and foster a professional environment that supports both individual and organizational growth.

One-Time Awards for Special Contributions

According to SOCAR's remuneration system, employees may be granted one-time monetary awards for fulfilling assignments related to specific production needs, demonstrating bravery in militarized security services, or actively participating in events of social and political importance. These awards are allocated selectively and serve to acknowledge individual commitment in high-responsibility or non-standard situations. This mechanism highlights the value of professional dedication and reinforces a culture that respects the unique contributions of every employee.

Annual Performance-Based Bonus Program

A core component of SOCAR's incentive structure is the annual performance-based bonus program, which plays a critical role in fostering a results-oriented culture. This program is designed to reward employees based on the achievement of clear, measurable objectives at both individual and corporate levels. It incorporates key elements such as individual performance evaluations, contributions to overall results, and recognition of those who consistently meet and exceed expectations. The evaluation process takes into account the quality of work, operational impact, efficiency, and alignment with the Company's strategic goals. Line managers evaluate employee performance based on predefined KPI scorecards to ensure fairness and transparency across all structural units. By tying bonuses directly to outcomes, the program strengthens accountability, encourages continuous improvement, and reinforces high-performance behaviors. It also serves as a motivational tool that helps retain top talent and build a strong, achievement-focused work environment.

This performance-based bonus program reflects the Company's commitment to recognizing individual and collective achievements, promoting a culture of meritocracy, and reinforcing the direct link between measurable performance and financial reward.

Value Creation and Innovation Incentive Programs

In order to drive continuous improvement and strengthen employee engagement, SOCAR has launched Value Creation and Innovation Incentive Programs across several of its enterprises. These initiatives aim to identify, encourage, and reward ideas that generate tangible value—whether through operational efficiency, digital transformation, safety enhancement, or environmental performance. Programs such as "Dəyər Qat, Dəyər Qazan" at Azneft and "QAZandım" at Azerigas actively invite employees to propose innovations and cost-saving measures that directly contribute to the Company's strategic objectives. Submissions are reviewed by evaluation committees based on criteria such as feasibility, sustainability, and impact. Employees whose ideas are implemented receive material rewards and public recognition, reinforcing a culture of ownership and creativity.

Beyond financial incentives, the programs serve as a platform for inclusive participation in change management and process optimization. By institutionalizing innovation at the operational level, SOCAR empowers employees to shape the future of the business and take pride in their contributions to long-term value creation.

Awards

During 2024, 121 persons (86 men and 35 women) were awarded the «Honorary Oilworker» badge of the State Oil Company of the Republic of Azerbaijan. On the occasion of Oilworkers Day and for their special services in the development of the oil industry, various honors were presented, including the honorary title of "Distinguished Engineer" to 1 man, the 3rd Degree "Labor" Order to 4 persons (3 men and 1 woman), the "Progress" Medal to 24 persons (18 men and 6 women), and Certificates of Honor to 284 persons (187 men and 97 women).

DIVERSITY, EQUITY AND INCLUSION

SOCAR is committed to fostering a diverse, equitable, and inclusive work environment in which all employees are treated with dignity and respect. The Company has built its operations on the principle of equal opportunities for all employees, regardless of gender, age, nationality, religion, or any other personal characteristics. Discrimination in any form is strictly prohibited, and equal access to employment, development, and promotion is ensured across the organization. SOCAR recognizes that inclusion is not only a matter of compliance, but also a driver of innovation, employee satisfaction, and long-term business success.

To further promote gender diversity, SOCAR applies gender-neutral and inclusive recruitment practices, including the use of unbiased job descriptions, standardized evaluation criteria, and diverse interview panels. These approaches help to ensure fair and equal opportunities for all candidates from the outset.

One of the key initiatives supporting this strategy is the Young Talents Internship Program, in which SOCAR actively encourages female participation. In 2024, women accounted for 49% (56 participants) of the program's total intake, and in 2025, this figure rose to 57% (66 participants). This is a noteworthy result given that the majority of specializations are directly linked to production and technical disciplines.

Given the nature of operations in the energy sector, women currently represent a minority in the workforce. However, SOCAR continuously works to increase female participation, expand opportunities for women in leadership and technical roles, and ensure that rewards, benefits, and advancement opportunities are provided solely based on merit and performance. These efforts are supported by a comprehensive internal framework, which includes approved policies, internal procedures, and legal safeguards aimed at protecting equal treatment and creating a safe, respectful workplace.

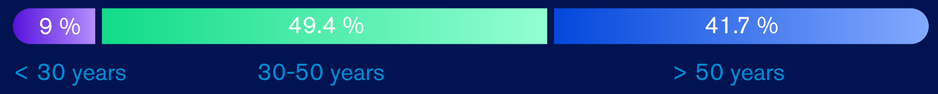
As part of SOCAR's succession planning process, the company has set specific targets to enhance the representation of women in the talent pools of its business units, particularly in leadership and mission-critical roles. These efforts are integral to SOCAR's long-term strategy to build a more balanced, inclusive, and future-ready talent pipeline across all levels of the organization.

By institutionalizing these values, SOCAR promotes a culture of belonging, fairness, and mutual accountability. The Company regularly reviews its HR practices, delivers training on bias awareness and inclusive leadership, and partners with relevant stakeholders to advance diversity at all organizational levels. These ongoing efforts reaffirm SOCAR's role as a responsible employer aligned with modern principles of social justice and corporate ethics.

Figure 34. Total number of employees at SOCAR (Azerbaijan)

48,069

Age distribution



Gender distribution

Employees divided by category

Parental Leave Return and Retention Rate

100%

TOP FIVE COUNTRIES

	Türkiye	Georgia	Ukraine	Switzerland	Austria
Overall headcount	5,688	4,353	1,777	806	208
Female	15%	27%	54%	66.50%	61.10%
Male	85%	73%	46%	33.50%	38.90%
< 30 years	14%	14%	22%	30%	23%
30-50 years	80%	50%	54%	48%	47%
> 50 years	6%	36%	24%	22%	30%

COMMUNITY PARTNERSHIP

SOCAR recognizes that maintaining strong, transparent, and respectful relationships with local communities is essential for the long-term sustainability of its operations. The Company is committed to acting as a responsible corporate citizen by aligning its business objectives with the needs and expectations of the communities in which it operates. Through open dialogue, mutual respect, and compliance with legal and ethical standards, SOCAR seeks to ensure that its presence contributes positively to local development and social well-being.

In implementing its projects, SOCAR works in close coordination with local authorities and relevant stakeholders, ensuring that all activities are conducted in compliance with national and local regulations. Throughout the reporting period, no cases of community rights violations were recorded, reflecting SOCAR's commitment to transparency, due diligence, and responsible project execution. This outcome underscores the Company's consistent efforts to align industrial activity with social responsibility and to maintain trust with the communities where it operates.

In addition to maintaining respectful and law-abiding community relations, SOCAR actively contributes to the economic development of the regions where it operates. The Company creates long-term value for host communities by generating employment opportunities, supporting local enterprises, and strengthening the regional supply base. As a major employer in various regions of Azerbaijan, SOCAR prioritizes the hiring of local residents wherever possible, helping to reduce unemployment and promote social stability. In parallel, the Company emphasizes cooperation with local suppliers and contractors in its procurement and construction activities. By sourcing goods and services locally, SOCAR not only supports small and medium-sized enterprises but also helps retain economic value within the regions. This approach improves cost efficiency, reduces logistical footprints, and fosters mutually beneficial relationships with regional business partners. Through these actions, SOCAR reinforces its role as a key driver of inclusive economic growth, ensuring that the benefits of its operations contribute meaningfully to the prosperity of local populations.

SOCAR places strong emphasis on maintaining open and responsible communication with the public, and the timely response to citizen inquiries remains a key priority. The Company approaches all public requests with sensitivity and professionalism, ensuring that each case is handled in accordance with internal procedures and ethical standards. In 2024, SOCAR received a total of 1,720 citizen inquiries related to social matters. The vast majority of these inquiries were addressed within established timeframes, with citizens either receiving detailed explanations or being provided with appropriate forms of support. This approach reinforces transparency and accountability, while also strengthening public trust in the Company's operations. By maintaining accessible and responsive communication channels, SOCAR upholds its role as a socially responsible and people-centered organization.

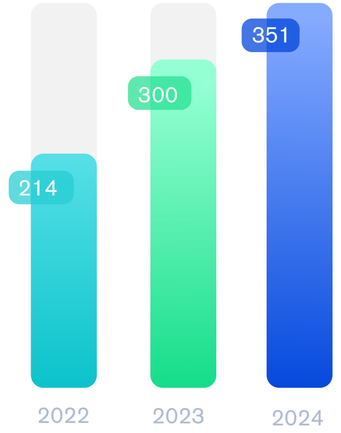
Social Investments

In line with its long-term commitment to social responsibility, SOCAR introduced and began implementing a new internal policy titled "Policy on Socially Oriented Investments, Charitable Giving, and Sponsorship" during the reporting year. This policy establishes a structured and transparent framework for the Company's contributions to community development, cultural initiatives, education, and public welfare. In 2024, SOCAR allocated targeted resources under this policy to support a range of socially oriented investments, including sponsorship projects and grants to qualified beneficiaries. These investments were designed to generate positive social outcomes and align with national development priorities. By systematizing its approach to social spending, SOCAR ensures that all initiatives are impact-driven, equitable, and aligned with stakeholder expectations. The policy also reinforces accountability and enhances the strategic value of the Company's social engagement activities.

Support for Education

As part of its socially oriented investments in education, SOCAR allocated targeted funding in 2024 to support access to quality learning opportunities and strengthen educational infrastructure. A total of 545,494 AZN was allocated to cover the tuition and living expenses of ethnic Azerbaijani students from Georgia studying at ADA University, reinforcing cross-border cultural and educational ties. Additionally, 500,000 AZN was invested in upgrading the material and technical base of the Academic Zarifa Aliyeva Lyceum, a key national institution focused on academic excellence. To further promote inclusive education, SOCAR also contributed 3,491,650 AZN to the development of infrastructure at the Azerbaijan-British Education Complex, enabling the children of SOCAR employees to study under favorable conditions. These initiatives reflect the Company's commitment to human capital development and equitable access to education for both employees' families and the wider community.

Figure 35. Total social expenditures of SOCAR Group, million AZN



Sponsorship of Strategic and Public Events

In addition to social and educational investments, SOCAR provided sponsorship support for a number of strategically relevant and socially significant events in 2024. These efforts reflect the Company's commitment to innovation, public engagement, and international cooperation. Notable examples include SOCAR's contribution to the organization of the "Baku Investment Day" as part of the ClimateTech initiative, which aimed to promote financing for climate-focused startups. The Company also sponsored the "Baku Marathon 2024", a widely attended public sporting event promoting health and community spirit. Further sponsorships included support for the International Conference on Cyber Diplomacy, contributing to global dialogue on digital governance and security, and the upcoming "IADC Drilling Caspian 2025" conference, a major event in the oil and gas sector. These sponsorships align with SOCAR's broader strategy to support knowledge exchange, innovation, and the strengthening of Azerbaijan's international visibility.

Strategic Sports Sponsorship

As part of its commitment to supporting national sports development, SOCAR continued its long-term partnership with the Association of Football Federations of Azerbaijan (AFFA). In 2024, the Company signed a sponsorship agreement valued at 26,000,000 AZN to serve as the main sponsor of AFFA's activities. This cooperation aims to promote the development of football infrastructure, support youth engagement in sports, and strengthen the visibility of Azerbaijani football at both national and international levels.In support of the broader development of sports, SOCAR also maintains and operates a number of sports facilities, including the Baku Olympic Stadium, as well as regional stadiums and gyms located in Shirvan, Neftchala, Pirallahi, and Siyazan. These venues provide access to professional and community-level athletic activities and contribute to the promotion of healthy lifestyles across the country. In addition, SOCAR cooperates with various national sports federations—such as those in football, judo, chess, shooting, and others—by providing sponsorship aimed at advancing the government's policy on sports development. Through these efforts, SOCAR contributes to national sports excellence and strengthens the role of sport in social inclusion and youth empowerment.

Voluntary Blood Donation Initiative

In 2024, SOCAR employees actively supported the humanitarian initiative "Towards a Life Without Thalassemia", organized under the leadership and care of Mrs. Mehriban Aliyeva, President of the Heydar Aliyev Foundation. As part of this charitable campaign, 2,035 employees voluntarily donated blood, contributing to the treatment of children diagnosed with thalassemia. Since 2009, a total of 43,192 SOCAR employees have participated in blood donation drives aimed at supporting children in need of long-term care. This long-standing commitment reflects the Company's deeply rooted values of compassion, social solidarity, and civic responsibility. SOCAR continues to encourage voluntary medical support initiatives that directly impact lives and promote a culture of care within the organization.

Support for Families of Martyrs and War Veterans

As part of the implementation of SOCAR's "Policy on Socially Oriented Investments, Charitable Giving, and Sponsorship", particular attention in 2024 was given to the needs of families of martyrs, participants of the Karabakh war, and veterans. The Company continued to provide targeted support to these groups through various social initiatives aimed at improving their living conditions, addressing healthcare needs, and helping resolve everyday challenges. By sustaining assistance to those who have served or lost loved ones in defense of the country, SOCAR demonstrates its deep respect for national sacrifice and its enduring commitment to social justice and solidarity as a responsible and compassionate corporate actor.

Healthcare Support for Retired Oil Workers under the Insurance Program

Since October 2013, SOCAR has maintained ongoing oversight of medical services provided to nearly 15,000 retired oil workers registered under the insurance program at the Central Oil Workers Hospital. This support ensures that retirees receive comprehensive healthcare services in line with the program's coverage, including both outpatient consultations and inpatient treatment. The program is designed to address the medical needs of former employees who have contributed to the development of the energy sector over the years, reflecting the Company's commitment to social responsibility and the long-term well-being of its retired workforce.

HUMAN RIGHTS

SOCAR recognizes that respect for human rights is fundamental to sustainable business conduct. Our commitment to human rights is grounded in international standards and integrated into our core values, policies, and operations. We believe that protecting human dignity, fostering a respectful work environment, and contributing positively to the communities where we operate are essential to long-term success.

In 2024, SOCAR published its first formal Human Rights Statement, reaffirming our dedication to operating in a manner that upholds the rights and freedoms of all individuals affected by our business. This statement defines our expectations and responsibilities regarding ethical behavior, legal compliance, and engagement with internal and external stakeholders.

We conduct our business in a manner that respects the human rights and dignity of all individuals. We support the inalienable rights of individuals to live free from discrimination and human rights abuses, including child labor, human trafficking, forced labor, and bonded labor. We comply with all applicable laws and international frameworks, including the United Nations Universal Declaration of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the United Nations Guiding Principles on Business and Human Rights.

We expect all employees, third-party service providers, and business partners to uphold these standards. Compliance with human rights commitments is embedded in our Code of Business Ethics and Conduct, which includes sections dedicated to human rights, equality, non-discrimination, diversity, and protection against harassment and violence. We strictly prohibit all forms of harassment, including sexual harassment, bullying, and any form of extortion.

SOCAR strives to create a workplace where equality, fairness, and inclusion are practiced daily. We promote a corporate culture based on respect, care, and equal opportunity. Discrimination based on race, gender, citizenship, sexual orientation, disability, age, religion, political opinion, or any other protected characteristic is not tolerated. Employment-related decisions are based solely on merit, qualifications, and performance.

We respect the right of employees to freedom of association, including participation in trade unions, non-governmental organizations, and lawful assemblies. We do not tolerate any form of retaliation or discrimination based on union membership or participation in collective actions.

To ensure continued adherence, we encourage employees, business partners, and community stakeholders to report any suspected breaches of our human rights policies via SOCAR's Ethics and Compliance Helpline, including anonymous reporting options. This enables us to take timely action and foster a culture of openness and accountability.

Traditionally, the protection of human rights is found to be of vital importance for SOCAR. The Company received no complaints of or recorded no incident on human rights violations during the reporting period.

SOCAR

PERFORMANCE INDICATORS

SOCAR's proven oil and gas resources in Azerbaijan in 2022-2024

Resource categories	Oil, 10^3mt			Condensate, 10^3mt			Gas, 10^6m^3		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
Proved Developed	61,132	55,508	55,361	7,381	7,010	6,455	61,975	59,982	59,597
Proved Developed Producing	59,280	53,211	55,994	4,718	7,010	6,455	52,040	59,596	59,433
Proved Developed Non-Producing	1,852	2,297	367	2,663	0	0	9,935	386	164
Proved Undeveloped	32,791	21,911	30,559	8,457	6,855	7,222	51,751	52,804	64,357
Total Proved	93,923	82,419	85,920	15,838	13,865	13,667	726	112,786	123,955

Oil and Gas Production at SOCAR (Azerbaijan) in 2022–2024

	2022	2023	2024
Oil production, thousand tonnes	7,785.3	7,736.2	7,485.6
Gas production, million m^3	8,070	8,390.7	7,718.1

Volume of delivered oil and gas by SOCAR (Azerbaijan), 2022–2024

	2022	2023	2024
Volume of oil delivered for processing and export, thousand tonnes	7,700.1	7,976.5	7,877.2
Overall distribution of natural gas, million. m^3	18,371.5	19,289.6	19,815.9
Gas export, million. m^3	2,819.0	2,683.3	2,797.3

Oil and Gas processing by SOCAR (Azerbaijan), 2022–2024

Industrial outcomes	2022	2023	2024
Oil refinery, thousands of tonnes	6,240.3	6,501.7	5,809.3
Gas processing, million m^3	3,608.5	3,506.9	3,377.5

Total production by processing facilities at SOCAR (Azerbaijan) in 2022-2024, thousand tonnes.

	2022	2023	2024
Heydar Aliyev Oil Refinery	5,851	6,165	5,343
“Azerikimya” PU	553	582	448
Methanol Plant	534	494	516
Carbamide Plant	537	453	652

SOCAR's contribution to the public budget at SOCAR (Azerbaijan) in 2022-2024, million AZN

	2022	2023	2024
Contribution to the public budget	2,257	2,079	2,724

Charter capital at SOCAR (Azerbaijan) in 2022-2024, million AZN

	2022	2023	2024
Charter capital	4,760	5,014	5,014

Economic indicators at SOCAR Group in 2022-2024, million AZN

	2022	2023	2024
Revenues	119,228	85,201	84,689
Prime cost of sales	(104,526)	(76,639)	(77,296)
Distribution costs	(3,048)	(2,206)	(2,045)
General and administrative expenses	(1,851)	(1,939)	(2,252)
Other operating costs	(973)	(2,561)	(1,869)
Financial expenses	(1,573)	(1,633)	(2,074)
Other revenues/expenses	2,131	2,050	3,774
Profit/(loss) for the year	9,424	2,073	2,927
Other consolidated loss for the year (taxes excluded)	1,622	(103)	(879)
Consolidated revenue/(loss) for the year	11,046	1,970	2,048

The intensity of use of resources at SOCAR (Azerbaijan) in 2022-2024

Upstream emission, water, and energy consumption intensity	2022	2023	2024
Emission intensity (tCO_2e/t product)	0.21	0.22	0.43
Water consumption intensity (m^3/t product)	5.47	6.13	4.45
Electricity consumption intensity (kW/t product)	53.66	54.52	22.88

Midstream emission, water, and energy consumption intensity	2022	2023	2024
Emission intensity (tCO_2e/t product)	0.00006	0.00003	0.058
Water consumption intensity (m^3/t product)	0.00011	0.00033	0.033
Electricity consumption intensity (kW/t product)	0.007	0.077	3.46

Downstream emission, water, and energy consumption intensity	2022	2023	2024
Emission intensity (tCO_2e/t product)	0.25	0.3	0.28
Water consumption intensity (m^3/t product)	2.25	1.99	1.64
Electricity consumption intensity (kW/t product)	89	103.01	78.92

GHG emissions at SOCAR Group in 2022-2024, thousand tonnes CO_2-eq

Entity	2022	2023	2024
SOCAR (Azerbaijan)	7,852.9	8,367.5	10,509.1
Scope 1 emissions	6,708.7	7,112.7	9,590.5
Scope 2 emissions	1,144.2	1,254.8	918.6
SOCAR Türkiye	4,722	4,887.1	4,315.8
Scope 1 emissions	4,285.4	4,377	3,821
Scope 2 emissions	436.3	510.1	494.8
SOCAR Energy Georgia	0.7	3,052	3,065.7
Scope 1 emissions	0.7	128.6	118.7
Scope 2 emissions	0	2,924	2,947

Scope 1 and Scope 2 emissions at SOCAR (Azerbaijan) in 2024, thousand tonnes CO_2-eq

By segment	
Upstream	5,878.2
Midstream	793.3
Downstream	3,765.7
Other entities	72.0
Total	10,509.1

Upstream	
Azneft PU	5,774.3
“SOCAR Upstream Management” LLC	83.1
Department of Geophysics and Geology	0.2
Complex Drilling Works Trust	20.6
Total	5,878.2

Midstream	
Oil Pipelines Department	16.1
Gas Export Department	217.1
“Azerigas” PU	560.0
Total	793.3

Downstream	
Azerikimya PU	626.0
Heydar Aliyev Oil Refinery	1,830.2
Gas Processing Plant	102.5
Carbamide Plant	680.3
Methanol Plant	473.8
SOCAR Polymer	51.0
“SOCAR Petroleum” CJSC	1.9
Total	3,765.7

Other entities	
Oil and Gas Construction Trust	2.25
Social Development Department	7.6
Transportation Department	53.8
Information Technologies and Communication Department	0.92
Training, Education and Certification Department	0.68
Security Department	0.09
Industrial Safety Department	0.2
Baku Deep Water Jacket Factory named after Heydar Aliyev	0.7
Baku Higher Oil School	0.26
Oil and Gas Scientific Research and Design Institute	1.19
“EKOL Engineering Services” CJSC	2.63
Marketing and Economic Operations Department	0.28
SOCAR Head Office	1.36
Total	72.0

Emissions across SOCAR (Azerbaijan) facilities in 2024, thousand tonnes CO_2-eq

	Scope 1	Scope 2	Total
Azneft PU	5,691.22	83.11	5,774.33
Complex Drilling Works Trust	13.8	6.8	20.6
Department of Geophysics and Geology	0.17	0	0.17
“SOCAR Upstream Management” LLC	41.41	41.67	83.08
Oil Pipelines Department	1.63	14.51	16.14
“Azerigas” PU	557.9	2.11	560.01
Gas Export Department	211.93	5.18	217.11
Azerikimya PU	308.71	317.32	626.03
Heydar Aliyev Oil Refinery	1,567.9	262.28	1,830.18
Gas Processing Plant	87.91	14.63	102.54
Carbamide Plant	590.87	89.45	680.32
Methanol Plant	454.78	19	473.77
SOCAR Polymer	5.711	45.3	51.01
“SOCAR Petroleum” CJSC	0.065	1.78	1.85
Marketing and Economic Operations Department	0	0.28	0.28
Oil and Gas Scientific Research and Design Institute	0.54	0.65	1.19
Oil and Gas Construction Trust	0.002	2.24	2.25
Social Development Department	1.98	5.61	7.6
Transportation Department	52.72	1.08	53.8
Information Technologies and Communication Department	0.07	0.85	0.92
Training, Education and Certification Department	0.28	0.4	0.68
Security Department	0.001	0.09	0.09
Industrial Safety Department	0.001	0.2	0.2
Baku Deep Water Jacket Factory named after Heydar Aliyev	0	0.7	0.7
Baku Higher Oil School	0.002	0.26	0.26
“EKOL Engineering Services” CJSC	0.9	1.73	2.63
SOCAR Head Office	0	1.36	1.36
Total	9,590.5	918.6	10,509.1

Quantity of pollutants emitted from stationary sources into the atmosphere at SOCAR Group in 2022-2024, thousand tonnes

	2022	2023	2024
SOCAR (Azerbaijan)			
Solid particles	0.23	0.17	0.12
Gas and liquid substances including:	106.39	112.09	65.39
Sulphur dioxide	0.58	0.85	0.62
Nitrogen oxide	3.44	2.49	2.43
Carbon oxide	7.08	41.47	6.05
Hydrocarbons (without volatile organic compounds)	83.35	60.52	46.44
Volatile organic compounds	10.61	13.07	9.12
Other gas substances	0.70	0.82	0.72
SOCAR Türkiye			
Sulphur dioxide	1.23	1.25	0.64
Nitrogen oxide	2.9	2.06	2.14
Carbon oxide	0.46	0.49	0.40
SOCAR Energy Georgia			
Sulphur dioxide	0.35	0.37	0.44
Nitrogen oxide	0.02	0.01	0.02
Carbon oxide	0.22	0.15	0.16

Gases Emitted into the Atmosphere from the Business Activities of SOCAR (Azerbaijan) in 2022-2024, thousand tonnes

GHG emission indicators	2022	2023	2024
Methane (CH_4)	110.04	56.93	201

Electricity consumption at SOCAR Group in 2022-2024, thousand kWh

	2022	2023	2024
For SOCAR, total,	2,708,321	2,871,191	2,671,649
SOCAR (Azerbaijan)	1,202,879	1,295,521	1,288,334
SOCAR Türkiye	1,455,071	1,514,448	1,335,102
SOCAR Energy Georgia	31,369	27,584	27,803
SOCAR Energy Ukraine	8,989	10,448	10,634
SOCAR Energy Switzerland	10,013	9,776	9,775
SOCAR Energy Austria		3,936	2,469

Electricity intensity ratio at SOCAR Group in 2022-2024, per employee

	2022	2023	2024
SOCAR (Azerbaijan)	25.04	26.8	26.8
SOCAR Türkiye	279.28	277.34	234.72
SOCAR Energy Georgia	6.38	6.80	6.39
SOCAR Energy Ukraine	5.23	5.82	5.98
SOCAR Energy Switzerland	12.8	12.0	12.12
SOCAR Energy Austria		19.7	11.9

Fuel consumption at SOCAR Group in 2022-2024

	2022	2023	2024
SOCAR (Azerbaijan)			
Gasoline, tonnes	6,233.0	5,985.0	5,731.0
Diesel, tonnes	31,403.0	27,131.0	25,954.0
Natural gas, thousand m³	1,303,360.0	1,665,528.0	1,742,423.0
SOCAR Türkiye			
Gasoline, tonnes	0.0	46.8	49.7
Diesel, tonnes	985.6	1,287.0	1,357.0
Natural gas, thousand m³	662,123.0	567,713.0	625,535.0
SOCAR Energy Georgia			
Gasoline, tonnes	465.0	336.0	343.0
Diesel, tonnes	478.0	559.0	587.0
Natural gas, thousand m³	9.6	1.5	4.0
SOCAR Energy Ukraine			
Gasoline, tonnes	135.0	218.0	134.0
Diesel, tonnes	193.0	279.0	257.0
Natural gas, thousand m³	16.4	9.5	9.7
SOCAR Energy Switzerland			
Diesel, tonnes	165.0	178.0	173.0
SOCAR Energy Austria			
Gasoline, tonnes		14.7	18.5
Diesel, tonnes		142.0	122.6
Natural gas, thousand m³		35.6	21.7

Total fuel consumption at SOCAR Group in 2022-2024

	2022	2023	2024
Gasoline, tonnes	6,833.0	6,600.5	6,276.2
Diesel, tonnes	33,224.6	29,576.0	28,450.6
Natural gas, thousand m^3	1,965,509.0	2,233,287.5	2,367,993.4

Total energy consumption and energy consumption intensity for SOCAR (Azerbaijan) in 2022-2024

	2022	2023	2024
Total energy consumption, GJ	31,451,740	32,541,056	27,696,244
Total energy consumption intensity, GJ/ t product	2.47	2.36	2.04

Water withdrawal at SOCAR Group in 2022-2024, million m³

	2022	2023	2024
SOCAR (Azerbaijan)	56.91	57.84	56.03
SOCAR Türkiye	24.87	23.12	21.98
SOCAR Energy Georgia	0.14	0.13	0.12
SOCAR Energy Ukraine	0.08	0.10	0.10

Water intensity ratio at SOCAR Group in 2022–2024 (thousand m³ of water withdrawal per employee)

	2022	2023	2024
SOCAR (Azerbaijan)	1.18	1.2	1.17
SOCAR Türkiye	4.77	4.20	3.86
SOCAR Energy Georgia	0.03	0.03	0.03
SOCAR Energy Ukraine	0.05	0.06	0.06

Produced water by SOCAR (Azerbaijan) in 2022–2024, thousand m³

	2022	2023	2024
“Azneft” PU	6,122.5	6,149.9	6,724.5
Operation Companies	17,028.2	18,605.1	18,431.5
Total	23,120.4	24,755	25,156

Wastewater management at SOCAR Group in 2022-2024, m³

	2022	2023	2024
SOCAR (Azerbaijan)			
The volume of generated wastewater	7,652,450	8,283,706	8,531,817
The volume of wastewater discharged without treatment, including:	283,495	244,492	546,937
Discharges onto land	7,898	123,525	239,379
Discharges into water bodies	275,597	120,967	307,558
The volume of wastewater discharged after treatment	7,368,955	8,039,214	7,984,880
SOCAR Türkiye			
The volume of generated wastewater	12,132,534	10,552,998	9,667,478
The volume of wastewater discharged without treatment	12,504	15,662	13,583
The volume of wastewater discharged after treatment	12,120,660	10,537,336	9,648,550

Water used in the closed system during the production process at SOCAR (Azerbaijan) in 2022–2024, million. m³

	2022	2023	2024
Recycled water	281.5	274.17	310.81
Reused water	1.2	0.01	0.56

Waste Management at SOCAR Group in 2022-2024, thousand ton

SOCAR (Azerbaijan)	2022	2023	2024
Generated waste	151.99	130.64	160.88
Hazardous	127.10	113.70	96.34
Non-hazardous	24.89	16.94	64.55
Utilized waste	1.05	1.01	1.16
Hazardous	1.05	0.78	1.16
Non-hazardous	0	0.23	0
Waste transferred, including	149.49	133.43	159.12
Hazardous	124.83	116.69	139.37
Non-hazardous	24.67	16.73	19.75
Waste transferred to WMC	31.15	74.92	116.19
Hazardous	22.19	74.10	113.27
Non-hazardous	8.966	0.82	2.92
Waste neutralized	1.16	0.42	0.30
Hazardous	0.94	0.22	0
Non-hazardous	0.22	0.21	0.30

SOCAR Türkiye	2022	2023	2024
Generated waste	260.60	103.09	57.53
Hazardous	33.84	32.31	17.39
Non-hazardous	226.77	70.78	40.14
Utilized waste	26.78	14.58	0.14
Hazardous	21.01	5.72	0
Non-hazardous	5.77	8.86	0.13
Waste transferred	258.85	100.76	57.50
Hazardous	32.85	30.43	17.16
Non-hazardous	226.01	70.33	40.34

SOCAR Energy Ukraine	2022	2023	2024
Generated waste	3.34	2.45	3.88
Hazardous	0	0.0021	0.0013
Non-hazardous	3.34	2.44	3.88
Waste transferred	3.34	2.45	3.88
Hazardous	0.00	0.0021	0.0013
Non-hazardous	3.34	2.44	3.88

Total amount of transferred waste for 2023 was adjusted due to the late provision of the act of transfer by the contractor for the year end.

Total number of oil spills at SOCAR (Azerbaijan) in 2022-2024

	2022	2023	2024
SOCAR (Azerbaijan)	26	9	23

Restoration and rehabilitation at SOCAR (Azerbaijan) in 2022–2024, ha

	2022	2023	2024
Total for SOCAR	68.2	70.9	166.7

SOCAR Türkiye's environmental expenditures in 2022-2024, thousand AZN

	2022	2023	2024
SOCAR Türkiye	434.6	316.5	59.5

Statutory environmental payments and fines of SOCAR (Azerbaijan) in 2022-2024, thousand AZN

	2022	2023	2024
SOCAR (Azerbaijan)	616.8	1,100.2	1,093.8

Land contamination at SOCAR (Azerbaijan) in 2022-2024

	2022		2023		2024	
	1008.8		841.4		766.1	
The total area of land polluted by oil products and flooded by produced water	Azneft PU	OCs and JVs	Azneft PU	OCs and JVs	Azneft PU	OCs and JVs
	459.6	549.2	383.9	457.5	353.3	412.7

Occupational safety expenditures by SOCAR (Azerbaijan) in 2022-2024, AZN

Occupational safety expenditures	2022	2023	2024
On occupational safety, including:	24,000,076	35,008,380	39,785,424
On measures to improve working conditions	16,764,746	22,209,323	29,993,700
On special clothing, special shoes, and other personal protective equipment	5,618,055	10,890,616	8,227,213
On milk supply	1,226,517	1,452,544	1,209,543
Other expenses	390,758	455,897	354,968

Occupational health and safety indicators of SOCAR (Azerbaijan) in 2022-2024

	2022	2023	2024
Total number of lost time incidents;	17	18	28
Fatal accidents	0	2	2
Total number of injured employees, including	17	21	29
Number of deceased employees	0	4	2
Number of missing people	0	0	0
Number of occupational diseases	0	0	0
Number of days lost due to occupational injuries	984	826	1058
The average number of employees	48,031	48,139	48,340
Total worked hours	83,781,368	83,131,323	83,157,402
Lost time injury rate (per 200 000 hours worked)	0.04	0.05	0.07
Lost days ratio (per 200 000 hours worked)	2.35	1.99	2.54
Accidents' frequency rate (number of accidents per 1000 employees)	0.35	0.37	0.62
Accidents' severity ratio (number of lost days per accident)	57.88	51.63	39.04

Occupational safety performance indicators of SOCAR's Joint Ventures and Operating Companies in 2022-2024

	2022	2023	2024
Total number of lost time incidents;	13	14	18
Fatal accidents	2	0	0
Total number of injured employees	12	16	18
Number of days lost due to occupational injuries	352	520	246
Accidents' severity ratio (number of lost days per accident)	32	37.14	13.66
Accidents' frequency ratio (number of accidents per 1000 employees)	0.502	0.63	0.88
Number of occupational diseases	0	0	0
The average number of employees	25,887	22,140	20,406
Total worked hours	52,119,867	45,055,475	38,490,464
Lost time injury rate (per 200 000 hours worked)	0.046	0.06	0.09
Lost days ratio (per 200,000 hours worked)	1.35	2.31	1.28

Occupational health and safety indicators of SOCAR Türkiye in 2022-2024

	2022	2023	2024
Number of injured employees	17	5	11
Including the number of deceased employees	2	0	0
Number of days lost due to occupational (production) injuries	229	43	139
Total hours worked	9,655,334	9,799,788	10,623,876
Lost time injury rate (per 200,000 worked hours)	0.35	0.10	0.21
Incidents gravity ratio (number of lost days per accident)	15.27	8.6	12.6
Suppliers and contractors of SOCAR Türkiye	**2022**	**2023**	**2024**
Number of injured employees	17	24	27
Number of deceased employees	0	0	0
Total worked hours	11,207,177	10,171,972	12,822,264
Lost time injury rate (per 200,000 worked hours)	0.30	0.47	0.42

Occupational health and safety indicators of SOCAR Energy Ukraine in 2022-2024

	2022	2023	2024
Number of injured employees	0	1	1
Including the number of deceased employees	0	0	0
Number of days lost due to occupational injuries	0	28	30
Absence due to occupational diseases	8,686	8,216	11,304
Number of employees	1,719	1,794	1,777
Total worked hours	2,665,061	3,059,303	3,213,236
Lost time injury rate (per 1,000,000 worked hours)	0	0.33	0.31
Lost days rate (per 1,000,000 worked hours)	0	9.15	9.34

Occupational health and safety indicators of SOCAR Energy Georgia in 2022-2024

	2022	2023	2024
Number of injured employees	0	0	0
Including the number of deceased employees	0	0	0
Number of days lost due to occupational injuries	0	0	0
Absence due to occupational diseases	31,956	6,269	8,136
Number of employees	4,914	4,055	4,353
Total worked hours	9,533,040	8,027,408	8,675,736
Lost time injury rate (per 1000 000 worked hours)	0	0	0
Lost days rate (per 1000 000 worked hours)	0	0	0

Occupational health and safety indicators of SOCAR Energy Switzerland in 2022-2024

	2022	2023	2024
Number of injured employees	43	33	49
Including the number of deceased employees	0	0	0
Number of days lost due to occupational injuries	614	522	456
Number of employees	804	818	808
Total worked hours	1,305,919	1,325,284	1,330,131
Lost time injury rate (per 200,000 worked hours)	6.59	4.98	7.37
Lost days rate (per 200,000 worked hours)	94.03	78.78	68.56
Incidents gravity ratio (number of lost days per accident)	14.28	15.82	9.31
Lost days rate (per 1 000 000 worked hours)	0	9.15	9.34

Number of employees at SOCAR Group in 2022-2024:

	2022	2023	2024
SOCAR (Azerbaijan)	48,042	48,320	48,069
SOCAR Türkiye	5,251	5,509	5,688
SOCAR Energy Georgia	4,914	4,055	4,353
SOCAR Energy Ukraine	1,719	1,794	1,777
SOCAR Energy Switzerland	803	818	806
SOCAR Energy Austria		200	208

Employee turnover at SOCAR Group in 2022-2024 and employees covered by the collective employment agreement, %

Azerbaijan	2022	2023	2024
Employee turnover	2.4	1.4	1.9
Collective employment agreement	100	100	100

Ukraine	2022	2023	2024
Employee turnover	37.3	38.3	34.2
Collective employment agreement*	9	9	8.8

Türkiye	2022	2023	2024
Employee turnover	6.7	4.9	5.1
Collective employment agreement	77	72	70

Switzerland	2022	2023	2024
Employee turnover	41.0	40.3	36.6
Collective employment agreement	85.2	85.3	80.6

Georgia	2022	2023	2024
Employee turnover	27.3	41.6	19.9
Collective employment agreement	93	93	93

Austria	2022	2023	2024
Employee turnover		91	60.1
Collective employment agreement		100	100

*For Ukraine, employees covered by collective employment agreements are disclosed as the calculation of the ratio relative to the total number of employees

Number of employees hired and dismissed by country in 2022-2024, by gender and age groups

Azerbaijan

Hired personnel	2022	2023	2024
Female	313	407	331
Male	2,468	2,906	1,958
Under 30 years old	1,203	1,629	983
30-50 years old	1,109	1,388	883
Over 50 years old	469	296	201
Total	2,781	3,313	2,289

Dismissed personnel	2022	2023	2024
Female	418	237	124
Male	1,756	958	805
Under 30 years old	324	149	286
30-50 years old	1188	327	503
Over 50 years old	662	719	140
Total	2,174	1,195	929

Türkiye

Hired personnel	2022	2023	2024
Female	83	155	108
Male	294	325	359
Under 30 years old	197	252	281
30-50 years old	178	225	180
Over 50 years old	2	3	6
Total	377	480	467

Dismissed personnel	2022	2023	2024
Female	53	56	65
Male	293	208	223
Under 30 years old	106	37	40
30-50 years old	159	190	200
Over 50 years old	81	37	48
Total	346	264	288

Number of employees hired and dismissed by country in 2022-2024, by gender and age groups

Georgia

Hired personnel	2022	2023	2024
Female	417	298	318
Male	902	710	815
Under 30 years old	584	351	426
30-50 years old	548	447	512
Over 50 years old	187	210	195
Total	1 319	1 008	1 133

Dismissed personnel	2022	2023	2024
Female	353	469	261
Male	923	1398	574
Under 30 years old	484	415	320
30-50 years old	608	898	363
Over 50 years old	184	554	152
Total	1 276	1 867	835

Ukraine

Hired personnel	2022	2023	2024
Female	220	483	361
Male	191	264	233
Under 30 years old	172	314	216
30-50 years old	188	315	264
Over 50 years old	51	118	114
Total	411	747	594

Dismissed personnel	2022	2023	2024
Female	393	390	363
Male	300	282	248
Under 30 years old	276	278	238
30-50 years old	332	312	271
Over 50 years old	85	82	102
Total	693	672	611

Number of employees hired and dismissed by country in 2022-2024, by gender and age groups

Switzerland

Hired personnel	2022	2023	2024
Female	220	184	187
Male	111	147	107
Under 30 years old	174	188	158
30-50 years old	132	109	122
Over 50 years old	25	34	14
Total	331	331	294

Dismissed personnel	2022	2023	2024
Female	214	190	193
Male	111	140	102
Under 30 years old	170	170	156
30-50 years old	122	121	104
Over 50 years old	33	39	35
Total	325	330	295

Austria

Hired personnel	2022	2023	2024
Female		90	70
Male		80	60
Under 30 years old		81	64
30-50 years old		56	42
Over 50 years old		33	24
Total		170	130

Dismissed personnel	2022	2023	2024
Female		96	65
Male		86	60
Under 30 years old		93	57
30-50 years old		56	39
Over 50 years old		33	29
Total		182	125

Average training hours per employee at entities included into the structure of SOCAR (Azerbaijan) 2022-2024, by gender and employee category

Category	2022	2023	2024
Senior management	10.5	9,5	15.2
Specialists	10.8	8,9	16.8
Technical personnel	6.0	1.7	20.5
Manual workers	7.2	10,2	9.9
Female	4.3	5.5	6.7
Male	9.0	10.6	12.9

Training hours at SOCAR Group in 2022–2024, by gender

	2022		2023		2024	
	Female	Male	Female	Male	Female	Male
SOCAR (Azerbaijan)	4.3	9	5.5	10.6	6.7	12.9
SOCAR Energy Georgia	2.1	7.4	2.6	10	3.2	10.1
SOCAR Energy Türkiye	51	48.7	55.2	41.3	64.3	47.1
SOCAR Energy Ukraine	95.2	100.5	149.2	150.2	87.7	151.3
SOCAR Georgia Switzerland	22	20.2	21.8	20	23.1	20.8

Average training hours per employee at SOCAR Group in 2022–2024, by gender and employee category

Entity	2022						2023						2024					
	Senior management	Specialists	Technical personnel	Manual workers	Male	Female	Senior management	Specialists	Technical personnel	Manual workers	Male	Female	Senior management	Specialists	Technical personnel	Manual workers	Male	Female
SOCAR (Azerbaijan)	10.5	10.8	6	7.2	9	4.3	9.5	8.9	1.7	10.2	10.6	5.5	15.2	16.8	20.5	9.9	12.9	6.7
SOCAR Energy Austria							0.7	0.4	2	0	0.1	0	0	0	0	0.1	0.1	0
SOCAR Energy Georgia	4.3	4.5	3.8	7	7.4	2.1	6.4	4.2	8.3	10	10	2.6	4.4	5.5	7.1	11.1	10.1	3.2
SOCAR Energy Switzerland	9.8	12.9	12	24	20.2	22	12	12	12	24	20	21.8	12	12	12	24	20.8	23.1
SOCAR Energy Ukraine	48.1	101.7	44.5	106.3	100.5	95.2	48.1	171.6	47.2	156.6	150.2	149.2	53.7	151.2	69.7	156.7	151.3	137.7
SOCAR Türkiye	30.1	61.2	54.2	43.7	48.7	51	51	54	37	38	41.3	55.2	26.8	37.6	29.2	139.5	47.1	64.3

Number of employees with individual goals in entities within SOCAR structure in 2024

Category	2024
SOCAR Head Office	759
"Azerikimya" PU	694
"Azerigas" PU	3,378
"Azneft" PU	3,079
Security Department	201
Department of Geophysics and Geology	572
Department of Information Technologies and Communication	353
Carbamide Plant	169
Complex Drilling Works Trust	680
Marketing and Economic Operations Department	200
Methanol Plant	169
Oil Pipeline Department	255
Oil and Gas Research Design Institute	796
Oil and Gas Construction Trust	720
Department of Transportation	731
Gas Export Department	564
Department of Social Development	220
Industrial Safety Department	185
Editorial office of "Azerbaijan Oil Industry Journal"	16
Department of Development of Occupational Norms	74
Office of Training, Education and Certification	188
Baku Deep Water Jacket Factory named after Heydar Aliyev	45
Baku High Oil School	139
Gas Refining Plants	125
Total	14,312

Dynamics of employees by gender across countries for 2022-2024

	2022			2023			2024		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Azerbaijan	7,688	40,354	48,042	7,631	40,689	48,320	7,594	40,475	48,069
Georgia	1,269	3,645	4,914	1,112	2,943	4,055	1,168	3,185	4,353
Switzerland	544	259	803	547	271	818	536	270	806
Türkiye	657	4,553	5,210	791	4,718	5,509	833	4,855	5,688
Ukraine	874	845	1,719	966	828	1,794	964	813	1,777
Austria				121	79	200	127	81	208

Number of employees by employment contract type across countries in 2022–2024

Azerbaijan	2022		2023		2024	
	Female	Male	Female	Male	Female	Male
Permanent employees	7,666	39,802	7,613	40,141	7,583	40,018
Temporary employees	22	552	18	548	11	457
Full time	7,686	40,344	7,629	40,679	7,585	40,458
Part time	2	10	2	10	9	17
Türkiye	**2022**		**2023**		**2024**	
	Female	Male	Female	Male	Female	Male
Permanent employees	657	4,553	791	4,718	833	4,855
Temporary employees	0	0	0	0	0	0
Full time	657	4,553	789	4,716	832	4,853
Part-time	0	0	2	2	1	2

Number of employees by employment contract type across countries in 2022–2024

Georgia	2022		2023		2024	
	Female	Male	Female	Male	Female	Male
Permanent employees	1,269	3,645	1,112	2,943	1,168	3,185
Temporary employees	0	0	0	0	0	0
Full time	1,268	3,645	1,106	2,942	1,162	3,184
Part-time	1	0	6	1	6	1
Ukraine	**2022**		**2023**		**2024**	
	Female	Male	Female	Male	Female	Male
Permanent employees	874	845	966	828	964	813
Temporary employees	0	0	0	0	0	0
Full time	804	790	924	793	919	778
Part-time	70	55	42	35	45	35

Number of employees by employment contract type across countries in 2022–2024

Switzerland	2022		2023		2024	
	Female	Male	Female	Male	Female	Male
Permanent employees	533	245	535	252	519	242
Temporary employees	11	14	12	19	17	28
Full time	202	157	199	164	183	175
Part-time	342	102	348	107	353	95

Austria	2022		2023		2024	
	Female	Male	Female	Male	Female	Male
Permanent employees			121	79	127	81
Temporary employees			0	0	0	0
Full time			81	68	92	71
Part-time			40	11	35	10

Statistics of employees who took parental leave in SOCAR (Azerbaijan) in 2023–2024

	2023	2024
Number of employees entitled to parental leave	835	692
Number of employees who used parental leave	501	318
Number of employees who returned from parental leave during the reporting period	173	204
Number of employees who returned from parental leave and stayed at work for 12 months	296	204
The proportion of employees who returned to work and stayed	100%	100%

Statistics on the review of employee applications and the number of citizen applications at SOCAR (Azerbaijan) in 2022–2024

	2022	2023	2024
"The number of employment applications received and responded through the hr@socar.az email address"	7,153	10,625	785
The number of applications received from citizens via the Opentext ECM system	1,067	700	3,008

The ratio of entry-level wage to the official minimum wage at SOCAR Group during 2022-2024

	2022		2023		2024	
	Male	Female	Male	Female	Male	Female
SOCAR (Azerbaijan)	1.24	1.24	1.24	1.24	1.32	1.32
SOCAR Türkiye	1.08	1.11	1.05	1.00	1.31	1.38
SOCAR Energy Georgia	7.5	7.5	10.5	10.5	12	12
SOCAR Energy Ukraine	1.00	1.00	1.00	1.00	1.05	1.05

Total social expenditures of SOCAR (Azerbaijan) in 2022–2024, AZN

	2022	2023	2024
Financial assistance	20,473,460	12,268,526	11,910,805
Charity			
Social assistance	7,111,744	8,609,166	7,021,344
Sponsorship	12,530,500	21,276,135	33,355,268
Grant			39,000,000

SOCAR Türkiye's social expenditures in 2022-2024, AZN

Categories	2022	2023	2024
Health	21,221	12,112	
Education	186,657	143,739	248,913
Environment	434,640	316,515	59,509
Support of the victims of emergencies	270,323	5,250,409	
Material support to funds and institutions	524,960		
Material support to individuals			
Social		2,609,683	335,691
Sports	287,551		
Total	1,725,352	8,332,458	644,114

GRI CONTENT INDEX

GRI STANDARDS CONTENT INDEX TABLE

Statement of use

SOCAR has reported in accordance with the GRI Standards for the period 01.01.2024 – 31.12.2024

GRI 1 used

GRI 1: Foundation 2021

Applicable GRI Sector Standard(s)

GRI 11: Oil and Gas Sector 2021

GRI Standards	GRI Disclosures	Status	Comments	GRI Sector Standard ref. no.
General disclosures				
GRI 2: General Disclosures 2021	2-1. Organizational details	The history in brief – page 6 SOCAR at a glance – page 7 Value chain – page 8 Global operations – page 9		
	2-2. Entities included in the organization's sustainability reporting	About the report – page 5		
	2-3. Reporting period, frequency and contact point	About the report – page 5, 144		
	2-4. Restatement of information	About the report – page 5		
	2-5. External asssurance	About the report – page 5		
	2-6. Activities, value chain and other business relationships	SOCAR at a glance – page 7 Value chain – page 8 Global operations – page 9 Industrial activities – pages 15-16 Oil and Gas operations and a journey to net zero – pages 17-18 Acquisitions, investments and financial products – page 19 Economic impact & performance - page 21-22		

GRI Standards	GRI Disclosures	Status	Comments	GRI Sector Standard ref. no.
GRI 2: General Disclosures 2021	2-7. Employees	Labor practices – pages 67-68 Management of labor relations – page 74 Diversity, equality and inclusion – page 77		
	2-8. Workers who are not employees		The reporting scope includes employees directly employed by the Company. Information about the subcontractors involved for service delivery are not collected for the purposes of this report.	
	2-9. Governance structure and composition	Governance foundation – pages 26-28 Committees of SOCAR's governing bodies – pages 29-30		
	2-10. Nomination and selection of the highest governance body	Governance foundation – page 26		
	2-11. Chair of the highest governance body	Governance foundation – page 26		
	2-12. Role of the highest governance body in overseeing the management of impacts	Governance foundation – pages 26-28 Governance and oversight of sustainability and risk management – page 31		
	2-13. Delegation of responsibility for managing impacts	Governance foundation – pages 26-28 Committees of SOCAR's governing bodies – pages 29-30 Governance and oversight of sustainability and risk management – page 31		
	2-14. Role of the highest governance body in sustainability reporting	About the report – page 5 Governance and oversight of sustainability and risk management – page 31		
	2-15. Conflicts of interest	Business ethics – page 34 Compliance – page 35-36		

GRI Standards	GRI Disclosures	Status	Comments	GRI Sector Standard ref. no.
GRI 2: General Disclosures 2021	2-16. Communication of critical concerns	Governance foundation – page 26 Committees of SOCAR's governing bodies – pages 29-30		
	2-17. Collective knowledge of the highest governance body	Governance foundation – page 26-28 Governance and oversight of sustainability and risk management – page 31		
	2-18. Evaluation of the performance of the highest governance body	Governance foundation – page 28 Governance and oversight of sustainability and risk management – page 31		
	2-19. Remuneration policies	Committees of SOCAR's governing bodies – page 29 Compensation and benefits – page 76		
	2-20. Process to determine remuneration	Committees of SOCAR's governing bodies – page 29 Management of labor relations – page 74 Compensation and benefits – page 76		
	2-21. Annual total compensation ratio		This information is not disclosed due to confidentiality of the figure for the Company.	
	2-22. Statement on sustainable development strategy	Letter from the CEO – page 4 Sustainable management – page 24		
	2-23. Policy commitments	Sustainable management – page 24 Governance and oversight of sustainability and risk management – page 31 Human rights – page 81		
	2-24. Embedding policy commitments	Oil and gas operations and a journey to net zero – page 17 Sustainable management – page 24 Governance and oversight of sustainability and risk management – page 31 Human rights – page 81		

GRI Standards	GRI Disclosures	Status	Comments	GRI Sector Standard ref. no.
GRI 2: General Disclosures 2021	2-25. Process to remediate negative impacts	Materiality assessment – page 12 Compliance – page 36 Environmental stewardship – page 48 Safeguarding people – pages 62-63		
	2-26. Mechanisms for seeking advice and raising concerns	Compliance – page 36		
	2-27. Compliance with laws and regulations	Business ethics – page 34 Compliance – pages 35-36		
	2-28. Membership associations	Governance and oversight of sustainability and risk management – page 32		
	2-29. Approach to stakeholder engagement	Stakeholder engagement – page 14		
	2-30. Collective bargaining agreements	Management of labor relations – page 74 Performance indicators – page 99		
Material topics				
GRI 3: Material Topics 2021	3-1. Process to determine material topics	Materiality assessment – page 12		
	3-2. List of material topics	Materiality assessment – page 13		
Economic performance				
GRI 3: Material Topics 2021	3-3. Management of material topics	Economic impact & performance – page 21-22		

GRI Standards	GRI Disclosures	Status	Comments	GRI Sector Standard ref. no.
GRI 201: Economic Performance 2016	201-1. Direct economic value generated and distributed	SOCAR at a glance – page 7 Acquisitions, investments and financial products – page 19 Tax – page 23 Economic impact & performance – pages 21-22 Performance indicators – page 84		11.14.2, 11.21.2
	201-2. Financial implications and other risks and opportunities due to climate change	SOCAR's approach to climate action and sustainability compliance – page 33 Risk management framework and operational resilience – page 38-39		11.2.2
	201-3. Defined benefit plan obligations and other retirement plans	Compensation and benefits – page 76 Community partnership – page 80		
	201-4. Financial assistance received from government	Economic impact & performance – page 21		11.21.3
Market presence				
GRI 3: Material Topics 2021	3-3. Management of material topics	Management of labor relations – page 74		
GRI 202: Market Presence 2016	202-1. Ratios of standard entry level wage by gender compared to local minimum wage	Performance indicators - page 110		
	202-2. Proportion of senior management hired from the local community	Management of labor relations – page 74		11.11.2, 11.14.3
Indirect economic impacts				
GRI 3: Material Topics 2021	3-3. Management of material topics	Materiality assessment – page 12		

GRI Standards	GRI Disclosures	Status	Comments	GRI Sector Standard ref. no.
GRI 203: Indirect Economic Impacts 2016	203-1. Infrastructure investments and services supported	Acquisitions, investments and financial products – page 19 Performance indicators – page 111		11.14.4
	203-2. Significant indirect economic impacts	Community partnership - pages 79-80		11.14.5
Procurement practices				
GRI 3: Material Topics 2021	3-3. Management of material topics	Supply chain management – pages 42-32		
GRI 204: Procurement Practices 2016	204-1. Proportion of spending on local suppliers	Supply chain management – pages 42-43		11.14.6
Anti-corruption				
GRI 3: Material Topics 2021	3-3. Management of material topics	Business ethics – page 34 Compliance – page 35		11.20.1
GRI 205: Anti-corruption 2016	205-1. Operations assessed for risks related to corruption	Compliance – page 35		11.20.2
	205-2. Communication and training about anti-corruption policies and procedures	Compliance – pages 35-36		11.20.3
	205-3. Confirmed incidents of corruption and actions taken	Compliance - page 36		11.20.4

GRI Standards	GRI Disclosures	Status	Comments	GRI Sector Standard ref. no.
Anti-competitive behavior				
GRI 3: Material Topics 2021	3-3. Management of material topics	Marketing practices and quality assurance – page 20		11.19.1
GRI 206: Anti-competitive Behavior 2016	206-1. Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Marketing practices and quality assurance – page 20		11.19.2
Tax				
GRI 3: Material Topics 2021	3-3. Management of material topics	Tax – page 23		11.21.1
GRI 207: Tax 2019	207-1. Approach to tax	Tax – page 23		11.21.4
	207-2. Tax governance, control, and risk management	Tax – page 23		11.21.5
	207-3. Stakeholder engagement and management of concerns related to tax	Tax – page 23		11.21.6
	207-4. Country-by-country reporting	Tax – page 23		11.21.7
Materials				
GRI 3: Material Topics 2021	3-3. Management of material topics	Energy – page 57		

GRI Standards	GRI Disclosures	Status	Comments	GRI Sector Standard ref. no.
GRI 301: Materials 2016	301-1. Materials used by weight or volume	Energy – page 57		
	301-2. Recycled input materials used	Energy – page 57		
	301-3. Reclaimed products and their packaging materials		Not disclosed due to the specifics of the product produced and sold.	
Energy				
GRI 3: Material Topics 2021	3-3. Management of material topics	Energy – pages 53-54		11.1.1
GRI 302: Energy 2016	302-1. Energy consumption within the organization	Energy – pages 53-54 Performance indicators – page 90		11.1.2
	302-2. Energy consumption outside of the organization		Disclosures in this report cover activities of the companies/ entities directly included in the structure of the organization.	11.1.3
	302-3. Energy intensity	Energy – page 54 Performance indicators – page 90		11.1.4
	302-4. Reduction of energy consumption	Energy – pages 53-54		
	302-5. Reductions in energy requirements of products and services	Energy – pages 53-54		

GRI Standards	GRI Disclosures	Status	Comments	GRI Sector Standard ref. no.
Water and effluents				
GRI 3: Material Topics 2021	3-3. Management of material topics	Water management – pages 55-56		11.6.1
GRI 303: Water and Effluents 2018	303-1. Interactions with water as a shared resource	Water management – pages 55-56		11.6.2
	303-2. Management of water discharge – related impacts	Water management – pages 55-56		11.6.3
	303-3. Water withdrawal	Water management – pages 55-56		11.6.4
	303-4. Water discharge	Water management – pages 55-56		11.6.5
	303-5. Water consumption	Water management. – pages 55-56 Performance indicators – page 91		11.6.6
Biodiversity				
GRI 3: Material Topics 2021	3-3. Management of material topics	SOCAR Integrates biodiversity protection into its core envorimental strategy – page 59		11.4.1
GRI 304: Biodiversity 2016	304-1. Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiverity value outside protected areas.	SOCAR Integrates biodiversity protection into its core envorimental strategy – page 59 Land management – page 60		11.4.2

GRI Standards	GRI Disclosures	Status	Comments	GRI Sector Standard ref. no.
	304-2. Significant impacts of activities, products and services on biodiversity	SOCAR Integrates biodiversity protection into its core envorimental strategy – page 59 Land management – page 60 Performance indicators – page 93		11.4.3
	304-3. Habitats protected or restored	SOCAR Integrates biodiversity protection into its core envorimental strategy – page 59 Land management – page 60 Performance indicators – page 93		11.4.4
	304-4. IUCN Red List species and national conservation list species with habitats in areas affected by operations		SOCAR does not operate in areas with the habitats of red list and protected species.	11.4.5
Emissions				
GRI 3: Material Topics 2021	3-3. Management of material topics	GHG emissions – page 49 GHG emissions measurement methodology – pages 50-51		11.1.1, 11.2.1, 11.3.1
GRI 305: Emissions 2016	305-1. Direct (Scope 1) GHG emissions	GHG Emissions – pages 50-51 Performance indicators – page 85		11.1.5
	305-2. Energy indirect (Scope 2) GHG emissions	GHG Emissions – pages 50-51 Performance indicators – page 85		11.1.6
	305-3. Other indirect (Scope 3) GHG emissions	GHG Emissions – page 50		11.1.7

GRI Standards	GRI Disclosures	Status	Comments	GRI Sector Standard ref. no.
	305-4. GHG emissions intensity	Oil and Gas operations and a journey to net zero – pages 17-18 Performance indicators – page 85		11.1.8
	305-5. Reduction of GHG emissions	Environmental stewardship – page 48 Reduction initiatives, technologies and investment – page 52		11.2.3
	305-6. Emissions of ozone-depleting substances (ODS)		Not applicable for SOCAR's operations.	
	305-7. Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Air quality – page 58 Performance indicators – page 88		11.3.2
Waste				
GRI 3: Material Topics 2021	3-3. Management of material topics	Energy – page 57		11.5.1
GRI 306: Waste 2020	306-1. Waste generation and significant waste-related impacts	Energy – page 57		11.5.2
	306-2. Management of significant waste-related impacts	Energy – page 57		11.5.3
	306-3. Waste generated	Energy – page 57 Performance indicators – page 92		11.5.4
	306-4. Waste diverted from disposal	Energy – page 57 Performance indicators – page 92		11.5.5
	306-5. Waste directed to disposal	Performance indicators – page 92		11.5.6

GRI Standards	GRI Disclosures	Status	Comments	GRI Sector Standard ref. no.
GRI 306: Waste 2016	306-3. Significant spills	Energy – page 57 Performance indicators – page 92		11.8.2
Supplier environmental assessment				
GRI 3: Material Topics 2021	3-3. Management of material topics	Supply Chain Management – page 42		
GRI 308: Supplier Environmental Assessment 2016	308-1. New suppliers that were screened using environmental criteria	Supply Chain Management – page 44		
	308-2. Negative environmental impacts in the supply chain and actions taken	Supply Chain Management – pages 42-44		
Employment				
GRI 3: Material Topics 2021	3-3. Management of material topics	Labor practices – page 67		11.10.1
GRI 401: Employment 2016	401-1. New employee hires and employee turnover	Labor Practices – page 68 Performance indicators – pages 100-102		11.10.2
	401-2. Benefits provided to full-time employees that are not provided to temporary or part-time employees	Compensation and benefits – page 76		11.10.3
	401-3. Parental leave	Performance indicators – page 110		11.10.4, 11.11.3
Labor/management relations				

GRI Standards	GRI Disclosures	Status	Comments	GRI Sector Standard ref. no.
GRI 3: Material Topics 2021	3-3. Management of material topics	Management of labor relations – page 74		11.7.1
GRI 402: Labor/Management Relations 2016	402-1. Minimum notice periods regarding operational changes	Management of labor relations – page 74		11.7.2, 11.10.5
Occupational health and safety				
GRI 3: Material Topics 2021	3-3. Management of material topics	Safeguarding people – page 62		11.8.1, 11.9.1
GRI 403: Occupational health and safety management system 2018	403-1. Occupational health and safety management system	Safeguarding people – pages 62-64		11.9.2
	403-2. Hazard identification, risk assesment, and incident investigation	Safeguarding people – pages 63, 65-66		11.9.3
	403-3. Occupational health services	Safeguarding people - pages 63, 65-66		11.9.4
	403-4. Worker participation, consultation, and communication on occupational health and safety	Safeguarding people pages 65-66		11.9.5
	403-5. Worker training on occupational health and safety	Safeguarding people – page 62		11.9.6
	403-6. Promotion of worker health	Safeguarding people – pages 62-65		11.9.7
	403-7. Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Safeguarding people – page 65		11.9.8
	403-8. Workers covered by an occupational health and safety management system	Safeguarding people – page 65		11.9.9

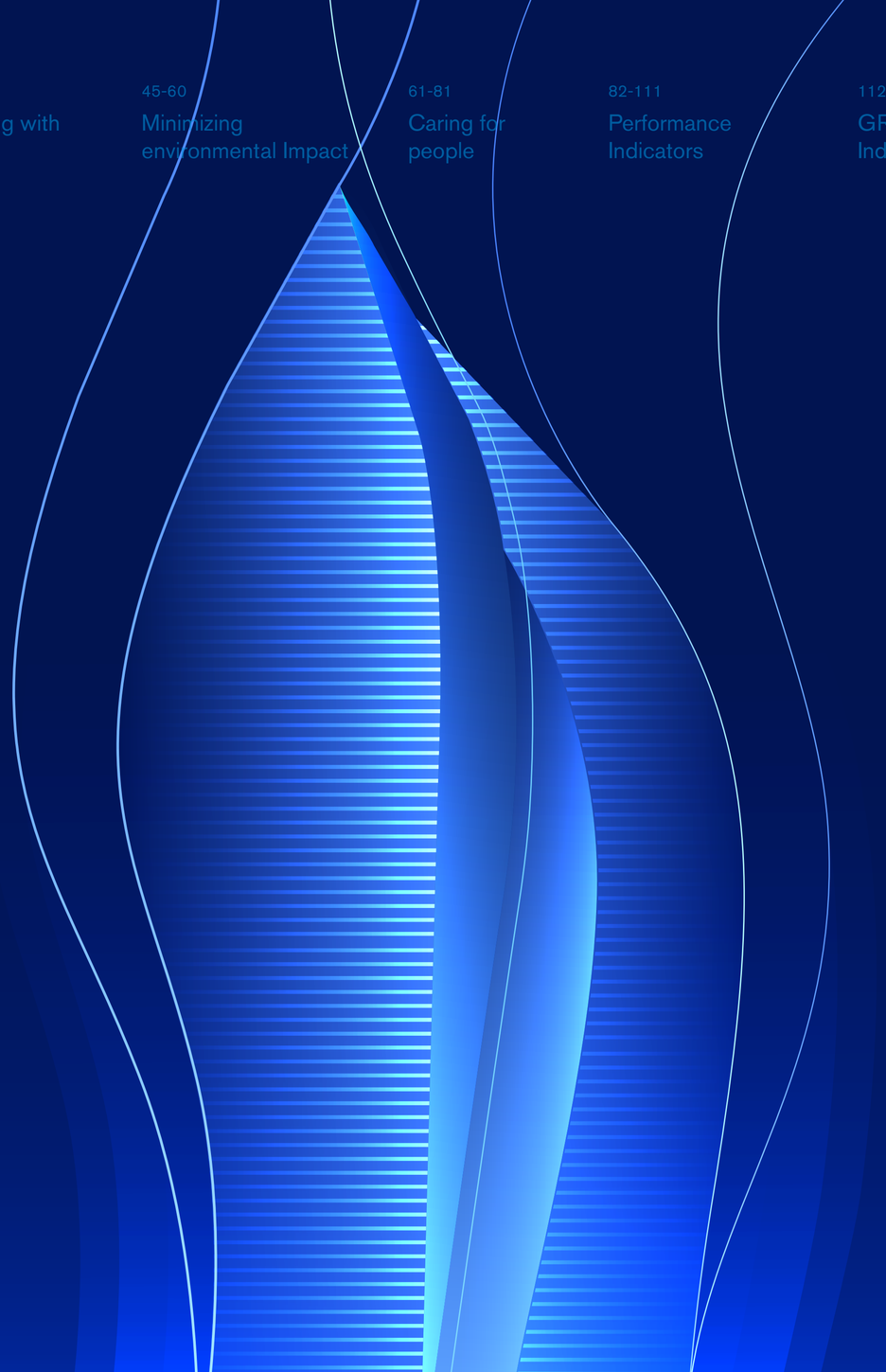
GRI Standards	GRI Disclosures	Status	Comments	GRI Sector Standard ref. no.
	403-9. Work-related injuries	Safeguarding people – pages 65-66 Performance indicators – pages 95-97		11.9.10
	403-10. Work-related ill health	Safeguarding people – page 66 Performance indicators – pages 95-97		11.9.11
Training and education				
GRI 3: Material Topics 2021	3-3. Management of material topics	Training and professional development – page 71		
GRI 404: Training and Education 2016	404-1. Average hours of training per year per employee	Training and professional development – page 71 Performance indicators – pages 103-104		11.10.6, 11.11.4
	404-2. Programs for upgrading employee skills and transition assistance programs	Training and professional development – pages 69-71		11.7.3, 11.10.7
	404-3. Percentage of employees receiving regular performance and career development reviews	Management of employee performance – page 75 Performance indicators – page 105		
Diversity and equal opportunity				
GRI 3: Material Topics 2021	3-3. Management of material topics	Diversity, equality and inclusion – page 77		11.11.1

GRI Standards	GRI Disclosures	Status	Comments	GRI Sector Standard ref. no.
GRI 405: Diversity and Equal Opportunity 2016	405-1. Diversity of governance bodies and employees	Diversity, equality and inclusion – pages 77-78		11.11.5
	405-2. Ratio of basic salary and remuneration of women to men	Performance indicators – page 110		11.11.6
Non-discrimination				
GRI 3: Material Topics 2021	3-3. Management of material topics	Diversity, equality and inclusion – page 77 Human rights – page 81		11.11.1
GRI 406: Non-discrimination 2016	406-1. Incidents of discrimination and corrective actions taken	Human Rights – page 81		11.11.7
Freedom of association and collective bargaining				
GRI 3: Material Topics 2021	3-3. Management of material topics			11.13.1
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1. Operations and suppliers in which the right to freedom of assocation and collective bargaining may be at risk		Not applicable as SOCAR operates in adherence to human rights, maintaining employee rights for all on an equal basis.	11.13.2
Child labor				

GRI Standards	GRI Disclosures	Status	Comments	GRI Sector Standard ref. no.
GRI 3: Material Topics 2021	3-3. Management of material topics			
GRI 408: Child Labor 2016	408-1. Operations and suppliers at significant risk for incidents of child labor		SOCAR does not use child labor in any of its operations and activities	
Forced or compulsory labor				
GRI 3: Material Topics 2021	3-3. Management of material topics			11.12.1
GRI 409: Forced or Compulsory Labor 2016	409-1. Operations and suppliers at significant risk for incidents of forced or compulsory labor		SOCAR does not allow forced or compulsory labor in any of its operations, whether with the involvement of Company employees or suppliers.	11.12.2
Security practices				
GRI 3: Material Topics 2021	3-3. Management of material topics			11.18.1
GRI 410: Security Practices 2016	410-1. Security personnel trained in human rights policies or procedures		Not applicable.	11.18.2
Rights of indigenous people				
GRI 3: Material Topics 2021	3-3. Management of material topics			11.17.1
GRI 411: Rights of Indigenous People 2016	411-1. Incidents of violations involving rights of indigenous peoples		Not applicable.	11.17.2

GRI Standards	GRI Disclosures	Status	Comments	GRI Sector Standard ref. no.
Local communities				
GRI 3: Material Topics 2021	3-3. Management of material topics	Community partnership – pages 79-80		11.15.1
GRI 413: Local Communities 2016	413-1. Operations with local community engagement, impact assessments, and development programs	Community partnership – pages 79-80		11.15.2
	413-2. Operations with significant actual and potential negative impacts on local communities		SOCAR does not operate in areas with the risk of impacting local communities.	11.15.3
Supplier social assessment				
GRI 3: Material Topics 2021	3-3. Management of material topics	Supply chain management – pages 42-44		
GRI 414: Supplier Social Assessment 2016	414-1. New suppliers that were screened using social criteria	Supply chain management – pages 42-44		11.10.8, 11.12.3
	414-2. Negative social impacts in the supply chain and actions taken	Supply chain management – pages 42-44		11.10.9
Public policy				
GRI 3: Material Topics 2021	3-3. Management of material topics	Governance and oversight of sustainability and risk management – page 31		11.22.1
GRI 415: Public Policy 2016	415-1. Political contributions	Governance and oversight of sustainability and risk management – page 31		11.22.2

GRI Standards	GRI Disclosures	Status	Comments	GRI Sector Standard ref. no.
Customer health and safety				
GRI 3: Material Topics 2021	3-3. Management of material topics	Safeguarding people – page 62		
GRI 416: Customer Health and Safety 2016	416-1. Assessment of the health and safety impacts of product and service categories	Safeguarding people – page 62		11.3.3
	416-2. Incidents of non-compliance concerning the health and safety impacts of products and services		Due to quality measurement audits conducted at the Company on a regular basis, no such incidents were recorded.	
Marketing and labeling				
GRI 3: Material Topics 2021	3-3. Management of material topics	Marketing practices and quality assurance- page 20		
GRI 417: Marketing and Labeling 2016	417-1. Requirements for product and service information and labeling	Marketing practices and quality assurance – page 20		
	417-2. Incidents of non-compliance concerning product and service information and labeling		No such cases.	
	417-3. Incidents of non-compliance concerning marketing communications		No such cases.	
Customer privacy				
GRI 3: Material Topics 2021	3-3. Management of material topics			
GRI 418: Customer Privacy 2016	418-1. Substaintiated complaints concerning breaches of customer privacy and losses of customer data		SOCAR approaches customer data and privacy with sensitivity and fosters strong, trust-based relationships with stakeholders.	



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Independent practitioner's assurance report

To the Management of the State Oil Company of the Azerbaijan Republic (SOCAR)

Scope

We have been engaged by the State Oil Company of the Azerbaijan Republic (hereinafter "SOCAR") to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, hereafter referred to as the engagement, to report on SOCAR's sustainability indicators (the "Subject Matter") contained in SOCAR's (the "Company's") Sustainable Development Report 2024 (the "Report") for the year ended on 31.12.2024.

The Subject Matter is limited to the following indicators:

- Total number of employees.
- Total number of hired employees.
- Total number of dismissed employees.
- Total hours of training sessions conducted.
- Occupational health and safety expenses (AZN).
- Number of incidents (causing injuries beyond first aid).
- Direct carbon emissions (Scope 1) (thsd t CO_{2e}).
- Indirect carbon emissions (Scope 2) (thsd t CO_{2e}).

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- Total amount of other atmospheric emissions (thsd t).
- Amount of electricity consumed (thsd kWh).
- Amount of diesel consumed (ton).
- Amount of natural gas consumed (thsd m^3).
- Amount of water withdrawals (mln m^3).
- Generated and transported hazardous waste (ton).
- Generated and transported non-hazardous waste (ton).
- Procurement expenses (local and foreign) on products and services (AZN).

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by SOCAR

In preparing the Subject Matter, SOCAR applied Global Reporting Initiative sustainability reporting standards (hereinafter "GRI Standards") as set out in the "About the Report" section of the Report (hereinafter "the Criteria").

SOCAR's responsibilities

SOCAR's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

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EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000 (Revised)'), and the terms of reference for this engagement as agreed with SOCAR on 11.01.2019. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

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Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- We interviewed representatives of SOCAR's departments involved in the preparation of the Subject Matter.
- We conducted analytical procedures of the quantitative information related to Subject Matter.
- We examined sustainability-related internal corporate documents of SOCAR.
- On a sample basis, we compared the Subject Matter with source information.
- We evaluated the presentation of the Subject Matter in the layout of the Report.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter for the period from 01.01.2024 to 31.12.2024, in order for it to be in accordance with the Criteria.

Ernst & Young Holdings (CIS) B.V.

5 August 2025

Baku, Azerbaijan

SOCAR

BASIS FOR REPORTING AND METHODOLOGY

General basis of preparation

The Sustainable Development Report was prepared on a consolidated basis for SOCAR for the period of 1 January 2024 – 31 December 2024, aligning with the financial report. Unless otherwise stated, the subsidiary undertakings included in the scope of the reporting are limited to those defined in the “About the Report” section. The Report is published on an annual basis since 2011 with reference to Global Reporting Initiative (GRI), later to be developed to incorporate SASB guidelines for the determination of material topics and sustainability disclosures.

Organizational Reporting Boundaries

The disclosures in the Report might not cover all subsidiaries globally due to the limited information available and materiality considerations. Any limitations to the scope or changes in the reporting approach have been highlighted and commented within the main text. External assurance procedures were limited to the list of indicators as provided in the assurance statement attached to this Report.

SOCAR Azerbaijan adopts the operational control approach for consolidating the information related to its sustainability performance. This approach ensures comprehensive reporting of all operations where SOCAR has full authority to introduce and implement operating policies, control manufacturing and production processes.

Included Entities and Operations:

Upstream, midstream, and downstream operations under SOCAR’s control, including:

- Refining, petrochemical, and gas processing assets;
- Distribution, export terminals, and related infrastructure;
- Administrative headquarters and R&D facilities.

Exclusions:

- SOCAR Trading;
- SOCAR Petroleum S.A. (SOCAR Romania).
- Joint ventures (JV) and affiliates not operated by SOCAR are excluded from operational boundary reporting unless otherwise noted.
- Data from subcontractors and temporary operations are excluded, unless explicitly stated otherwise.

Data Sources and Systems

Emissions and energy indicators: Data on fuel consumption, electricity usage, and GHG emissions are sourced from facility-level systems, including on-site meters, procurement records, energy management software, and environmental logs.

Occupational health and safety (OHS), and HR indicators: Occupational health and safety data are captured through the internal incident tracking system, and employee-related metrics are sourced from the SAP Human Resources Information System.

Waste and water management: Hazardous and non-hazardous waste amounts are tracked through SAP EHS modules and verified with contractor waste transfer acts. Water withdrawal/discharge data is based on readings from certified meters and government reporting platforms.

Expenditure and payments: Expenditures made for procuring materials and services, social expenditures and other payments are recorded in and sourced from the SAP system.

Data Validation and Statements

Disclosures within the Report have been made as advised by the definitions and requirements set out in GRI, and any differences or omittances have been explicitly stated in the GRI index table. All data underwent a multi-step validation process, including cross-checks with source records (e.g., invoices, environmental reports, records and permits) and internal consistency reviews. While some figures have been provided based on approximate or rounded values due to timeframe or technical limitations, control and validation procedures confirm the overall accuracy of the data. Any forward-looking statements have been made based on the latest developments as of the reporting period as well as expectations and considerations as defined in the Company’s risk mapping.

Indicators within EY’s the limited assurance scope were selected based on materiality and stakeholder relevance. EY’s The assurance procedures included analytical reviews, document sampling, recalculations, and reconciliation of reported data with source documentation, such as invoices, reports to the management, regulatory filings. Site-level data were consolidated centrally, and consistency checks were performed across entities and reporting periods.

Data reporting criteria for assured indicators

Indicator	Calculation approach	Assumptions & Estimation Techniques	Standards / Frameworks
Scope 1 GHG Emissions	Combustion, flaring, venting, and fugitive emissions converted to CO2e using emission factors and GWP values.	Fuel density based on composition analyses; Leak detection supported by Methane AI tool; Unmetered inputs were estimated based on historical asset data	GHG Protocol, IPCC AR5 (2014), ISO 14064-1
Scope 2 GHG Emissions	Purchased electricity consumption multiplied by national emission factor	Calculations made with emission factor from Azerbaijan's 4th National Communication to the UNFCCC	GHG Protocol Scope 2 Guidance, UNFCCC Country Report
Electricity Consumption	Electric power supplier invoice data and aggregation of monthly utility meter readings	Gaps filled via pro rata estimates based on previous months with similar records or annual figures	GRI 302
Natural Gas consumption	Supplier invoice data and aggregation of monthly utility meter readings	Energy content based on national supplier data or default conversion constant values	GRI 302
Diesel / Fuel consumption	Data from supplier invoices and metering	Missing data estimated using generator runtime and average consumption rates per machinery	GRI 302

Water withdrawal and discharge	Water meters or treatment plant logs	Monthly average estimates from prior periods utilized in case of incomplete/unavailable information	GRI 303, EM-EP-140a.1, EM-RM-140a.1
Waste	Weight of the waste collected and disposed, based on the disposal approach	Volumes from transfer receipts or mass approximations from shipment or packaging	GRI 306, EM-RM-150a.1
Employment records	Data extracted from SAP and ratio calculations	Head count estimations based on year-end records	GRI 401, 402
Training Hours	Aggregation from HR systems (hours logged per employee)	Where training time is logged per session, average attendance used	GRI 404
OHS indicators	Incident reports and expenditures sourced from SAP system	Estimations made on total hours worked and contractual agreements	GRI 403, EM-EP-320a.1, EM-RM-320a.1
Procurement	Expenditures sourced from SAP system	Purchase orders placed and contractual agreements	GRI 204

DATA PREPARATION

Environmental indicators

Scope 1 Greenhouse Gas Emissions

Scope 1 emissions include direct greenhouse gas emissions from combustion, venting, flaring, and fugitive sources across upstream, midstream, and downstream operations. In the upstream and midstream segments, emissions are limited to combustion, venting, and fugitive sources. In the midstream segment, fugitive emissions also include infrastructure components such as tanks, valves, and pipelines, while in the downstream segment, flaring occurs as well.

Monthly input data is submitted by all assets. Emissions are calculated through SOCAR's established internal model and expressed as carbon dioxide equivalent (CO_2e), using a methane global warming potential (GWP) factor of 28, in line with IPCC AR5.

Emissions were calculated using the following general formula:

Emission Amount (tonnes CO_2e) = Activity Data × Emission Factor × Global Warming Potential

Key Combustion Emissions

Input data for combustion sources includes:

- Associated Gas (Nm^3)
- Natural Gas (Nm^3)
- Diesel (tonnes)
- LPG
- Gasoline

Mass (kg) = Volume × Density

Density values are determined based on the gas composition and are obtained through laboratory analysis or standard references.

Fugitive emissions were estimated from leaks in oil and gas systems, including infrastructure such as tanks, pipelines, and valves. Since January 2025, methane quantification has been enhanced through Methane AI, a measurement and analytics platform that integrates satellite imagery, mobile sensing, and extrapolation models to improve the accuracy of methane emission estimates.

Scope 2 Greenhouse Gas Emissions

Scope 2 emissions cover indirect greenhouse gas emissions from the generation of purchased electricity consumed by SOCAR's operations. These emissions were calculated in accordance with the GHG Protocol Scope 2 Guidance and the national emission factor reported in the Republic of Azerbaijan's Fourth National Communication to the UNFCCC.

The calculation was based on facility-level electricity consumption data, gathered from monthly utility invoices and internal metering systems. The following formula was used:

Scope 2 Emissions (tonnes CO_2e) = Electricity Consumption × Emission Factor

The emission factor applied for the reporting year was defined as, in line with the Fourth National Communication to the UNFCCC:

Emission Factor = 0.53 tonnes CO_2/MWh.

This factor represents the average grid emission intensity for the Azerbaijan national electricity mix. In cases of incomplete monthly data, estimates were derived using previous periods with comparable operational profiles.

Electricity consumption was monitored across all operational entities falling under SOCAR's control, and adjustments were made to ensure completeness and consistency across reporting periods.

SOCIAL INDICATORS

Workplace safety and human capital performance are disclosed by the following indicators calculated as per GRI guidelines:

Occupational Health & Safety

Production Injury Rate

Formula:

(Total number of injured employees ÷ Total hours worked) × 1,000,000 or 200,000

Lost Days Rate

Formula:

(Number of lost workdays ÷ Total days worked) × 1,000,000 or 200,000

Human Resources Management

Turnover Rate (%)

Formula:
Number of dismissed employees ÷ [(Opening headcount + Closing headcount) ÷ 2] × 100

Training Hours per Employee (by Category)

Formula:
Total training hours provided per category ÷ Number of employees per category

Abbreviation	Concept/Definition
SOCAR	The State Oil Company of Azerbaijan Republic
COP	Conference of the Parties
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
UNEP	United Nations Environment Programme
IPCC	Intergovernmental Panel on Climate Change
SDGs	UN Sustainable Development Goals
ESG	Environmental Social and Governance
GHG	Greenhouse Gases
MSCI	Morgan Stanley Capital International
GRI	Global Reporting Initiative
TCFD	Task Force on Climate-related Financial Disclosures
CDP	Carbon Disclosure Project
CSRD	Corporate Sustainability Resporting Directive
SASB	Sustinability Accounting Standards Board
ISO	International Organization for Standardization
PSA	Production Sharing Agreements
TANAP	Trans-Anatolian Natural Gas Pipeline
BTC	Baku-Tbilisi-Ceyhan
SCP	South Caucasus Pipeline
TAP	Trans Adriatic Pipeline
SRG	Snam Rete Gas
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
SAF	Sustainable Aviation Fuel
CCUS	Carbon Capture, Utilization and Storage
CCU	Carbon Capture and Utilization
FEED	Front-End Engineering and Design
ETED	Energy Transition, Efficiency and Decarbonization
LIMS	Laboratory Information Management System
eNPS	Employee Net Promoter Score
ASTM	American Society for Testing and Materials
IEC	International Electrotechnical Commission
TURKAK	Turkish Accreditation Agency
IADC	International Association of Drilling Contractors
AFFA	Association of Football Federations of Azerbaijan
ILO	International Labour Organization
AZS	Azerbaijan Standardization Institute
OECD	Organization for Economic Cooperation and Development
BEPS	Base Erosion and Profit Shifting
OGDC	Oil&Gas Decarbonization Charter
OGCI	Oil and Gas Climate Initiative
OGMP	Oil&Gas Methane Partnership

RMD	Risk Management Department
RMC	Risk Management Committee
ENOM	Energy Network Optimization Model
TİEM	Waste Management Centre
DFK	Permanent Safety Commission
GEN- D	Generation D
ASL	Approved Suppliers List
RAS	Risk Appetite Statement
RMC	Risk Management Committee
KPI	Key Performance Indicator
KRI	Key Risk Indicator

BOE	Barrels of Oil Equivalent
COSO	Committee of Sponsoring Organizations of the Treadway Commission
UAV	Unmanned Aerial Vehicles
NGO	Non-Governmental Organization
SAP	Systems Applications and Products
ERP	Enterprise Resource Planning
ECM	Enterprise content management
EHS	Environment, Health & Safety
OHS	Occupational Health and Safety
H&S	Health and Safety
HSE	Health, Safety and Environment

UER	Upstream Emission Reduction
LDAR	Leak Detection and Repair
AGMR	Advancing Global Methane Reduction
MRV	Monitoring, Reporting and Verification
AUSEA	Airborne Ultralight Spectrometer For Environmental Applications
JV	Joint Venture
OC	Operating Companies
OCL	Operating Companies Limited
LLC	Limited Liability Company
BCG	Boston Consulting Group
AIH	Azerbaijan Investment Holding

EY	Ernst & Young
PU	Production Unit
HAOR	Haydar Aliyev Oil Refinery
MBA	Master of Business Administration
BHOS	Baku Higher Oil School

SOCAR

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Your feedback is highly valued. Please scan the QR code to access the SDR 2024 Feedback Form.